LONGCHEER

2025

Environmental, Social, and Governance (ESG)Report

Shanghai Longcheer Technology Co., Ltd.

Create Values Through Technology

Environmental, Social, and Governance(ESG)Report

Create Values Through Technology 2025

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About This Report

This report is the third annual Environmental, Social, and Governance (ESG) Report published by Shanghai Longcheer Technology Co., Ltd. Prepared in accordance with the principles of materiality, quantifiability, balance, and consistency, the report focuses on the disclosure of the ESG concepts, significant progress, achievements, and future plans of Shanghai Longcheer Technology Co., Ltd. and its subsidiaries.

The reporting period covers January 1, 2025 to December 31, 2025. Any inconsistencies will be explained in the relevant sections of this report..

Basis of Compilation

In the preparation of this report, the company identified key stakeholders, analyzed and prioritized material issues related to environmental, social, and governance topics, defined the reporting boundary, and collected, summarized, organized, and reviewed operational and financial information from the company. Based on these processes, the report was ultimately compiled.

The following standards and guidelines were referenced in the preparation of this report:

- *Self-Regulatory Guidelines No. 14 for Listed Companies — Sustainability Report (Trial)* of the Shanghai Stock Exchange
- *Self-Regulatory Guide No. 4 for Listed Companies — Compilation of Sustainability Report* of the Shanghai Stock Exchange
- *Appendix C2 Environmental, Social and Governance Reporting Code of the Main Board Listing Rules* issued by HKEX
- *Global Reporting Initiative (GRI) Standards* of the Global Sustainability Standards Board (GSSB)
- Sustainable Development Goals (SDGs) of the United Nations
- The Ten Principles of the UN Global Compact
- International Organization for Standardization ISO 26000: *Guidance on Social Responsibility (2010)*

Report Scope and Boundary

Unless otherwise specified, the policies, statements, and information disclosed in this report cover the actual business operations of Shanghai Longcheer Technology Co., Ltd. and its subsidiaries, consistent with the scope disclosed in the company’ s 2025 Annual Report.Unless otherwise specified, CNY is the currency unit used in this report.

Source of Information and Reliability Statement

The information contained in this report is sourced from Shanghai Longcheer Technology Co., Ltd. and its subsidiaries. The Board of Directors of the company is responsible for the truthfulness, accuracy, and integrity of this report. To boost the credibility of the report, the company has engaged an independent third-party institution to verify the disclosed information and issue a verification report(see the "Independent Assurance Statement" section).

Explanation of Terms

For the convenience of expression and reading, "Longcheer Technology," "Longcheer," “the group,” "the company,” and "we" in this report refer to Shanghai Longcheer Technology Co., Ltd. and its subsidiaries.

Languages of the Report

This report is published in Simplified Chinese, Traditional Chinese, and English. The English version is a translation of the Simplified Chinese version. In case of any discrepancy, the Simplified Chinese version shall prevail.

Confirmation and Approval

This report has been reviewed and approved by the Board of Directors of the company and is hereby published.

Access to the Report and Feedback

You can access the electronic version of this report on the company's website (https://www.longcheer.com/), CNINFO (http://www.cninfo.com.cn/), and HKEXnews (https://www.hkexnews.hk/).

If you have any suggestions or feedback regarding the contents of this report or the ESG practices of Longcheer Technology, please feel free to contact us through the following channels:

Email: ir@longcheer.com

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Message from the Chairman

In 2025, Longcheer Technology made important progress in advancing its globalization and high-quality development strategy. Amid profound changes in the global technology industry, the company remained committed to its mission of "Create Values Through Technology." Focusing on sustainable and quality-driven growth, the company continued to advance innovation while strengthening its global presence. Supported by a globally integrated R&D and manufacturing network, Longcheer provides leading clients worldwide with high-quality and reliable intelligent product solutions.

Strengthening Governance Foundations for Long-Term Development

Sound governance underpins the company's long-term development. During the reporting period, the company further improved its modern corporate governance framework and strengthened the Board of Directors' oversight of strategic and ESG matters, establishing an efficient decision-making and supervision mechanism with clearly defined responsibilities.

In risk management and internal control, the company continued to enhance the "three lines of defense" framework and strengthened closed-loop management of risk identification, assessment, and remediation, improving operational stability and transparency. The company maintains zero tolerance for commercial bribery and misconduct, while continuously improving whistleblowing and compliance management mechanisms to uphold integrity in business operations. The information security management system was further upgraded, with no major information security incidents reported during the year, providing strong support for global operations and client trust. These efforts have strengthened the company's governance capabilities and reinforced the institutional foundation for sustainable development.

Promoting Green Operations to Fulfill Environmental Responsibility

The company integrates green development principles throughout product design, manufacturing, and operational management, continuously advancing energy conservation, carbon reduction, efficient resource use, and pollution prevention. Medium- and long-term targets have been established for greenhouse gas emission intensity, water conservation, and solid waste management.Through intelligent manufacturing upgrades and automation transformation, the company improved production efficiency and energy utilization, enabling coordinated progress between business expansion and reduced energy intensity. At the same time, the company strictly manages exhaust emissions, wastewater discharge, and hazardous substances, strengthens source reduction and process control, and promotes resource recycling and reuse. Driven by both management systems and technological innovation, the company continues to reduce environmental impacts while ensuring compliant operations, further strengthening the foundation for sustainable development.

Fostering Shared Value through Win-Win Collaboration and a Responsible Ecosystem

The company remains committed to building its capabilities with a strong focus on customer value. It places great importance on employee development and rights protection, continuously improving training and empowerment programs while strengthening organization-wide compliance awareness and professional capabilities.In supply chain management, the company has signed integrity and compliance agreements with partners and implemented responsibility audits covering all core suppliers, promoting a fair, transparent, and sustainable partnership ecosystem. The company also continues to strengthen product quality and safety management by enhancing audit standards and delivery capabilities. Through collaboration with customers, employees, suppliers, and the broader community, the company continues to expand its social value and promote mutually beneficial development.

In January 2026, the company successfully established an "A+H" dual-capital platform, marking a new stage in its global development journey. Looking ahead, Longcheer Technology will continue to enhance its ESG management, actively support the dual-carbon strategy, and work with industry partners to advance a more sustainable development ecosystem.

Du Junhong

Chairman of Longcheer Technology

Our 2025

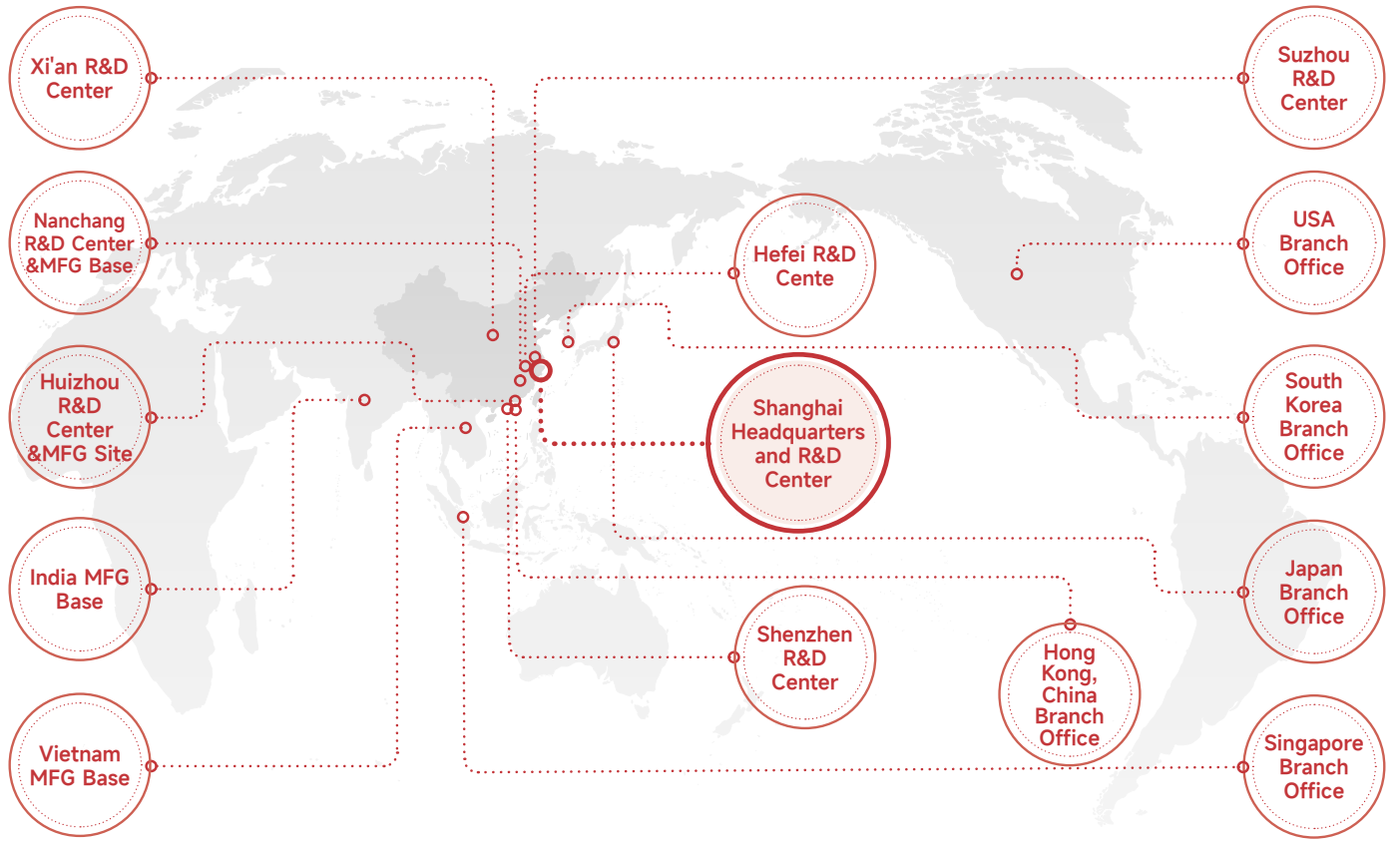
About Longcheer

Longcheer Technology is a technology enterprise engaged in the integrated services of research and development, design, and manufacturing of intelligent products. Upholding its core values of "customer-centricity, inspiring dedication, and long-term driven," the company continues to support the growth of leading global consumer electronics brands and technology companies.

Aligned with the upgrading trends of the intelligent terminal industry, the company has established a comprehensive product portfolio covering smartphones, AI PCs, automotive electronics, tablets, smartwatches/fitness bands, and smart glasses. It provides clients with end-to-end services spanning product definition, R&D and design, and intelligent manufacturing. With operations across multiple countries and regions, the company has built a global operating network and delivery system supported by its overseas branches and manufacturing footprint, continuously enhancing its capability and efficiency in serving international clients.

Headquartered in Shanghai, the company operates seven R&D centers strategically located in Shanghai, Shenzhen, Huizhou, Nanchang, Hefei, Xi'an, and Suzhou, with a concentrated focus on technological breakthroughs and innovative advancements in the frontier domain of on-device AI. On the manufacturing front, the company has established four manufacturing centers in Huizhou, Nanchang, Vietnam, and India, forming a multi-regional collaborative production system to support global, large-scale, and agile delivery.

Looking ahead, Longcheer will continue to implement its "1+2+X" product strategy, maintain a focus on the intelligent product sector, and advance technological and product innovation. The company will further enhance operational efficiency and competitiveness, accelerate intelligent transformation, and continue to deliver high-quality services to leading global clients while creating greater value for society.

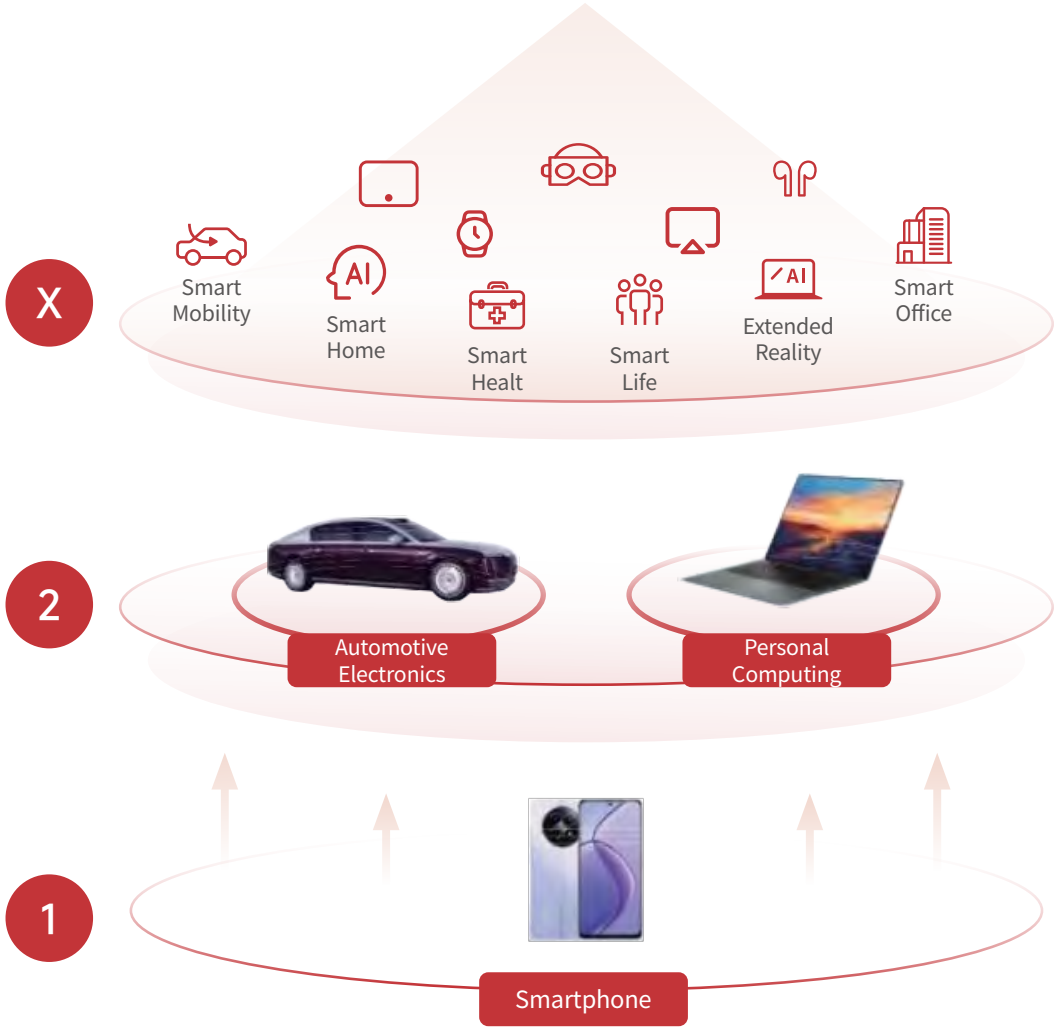


Shanghai
Global headquarter

Shanghai, Shenzhen, Huizhou, Nanchang, Hefei, Xi'an,Suzhou
R&D centers

Nanchang, Huizhou, India and Vietnam
Manufacturing bases

US, Japan, Korea, Hong Kong, and Singapore
Branches



"1+2+X" Product Strategy

Annual Operating Revenue
42,124.81 million CNY

Domestic Operating Revenue
23,901.95 million CNY

Overseas Operating Revenue
17,054.29 million CNY

Taxes and Fees Paid
372.99 million CNY

Net Profit Attributable to Ordinary Shareholders of the Company
585.12 million CNY

Cumulative Dividends Paid Since Listing
461.35 million CNY

Total Assets
26,086.34 million CNY

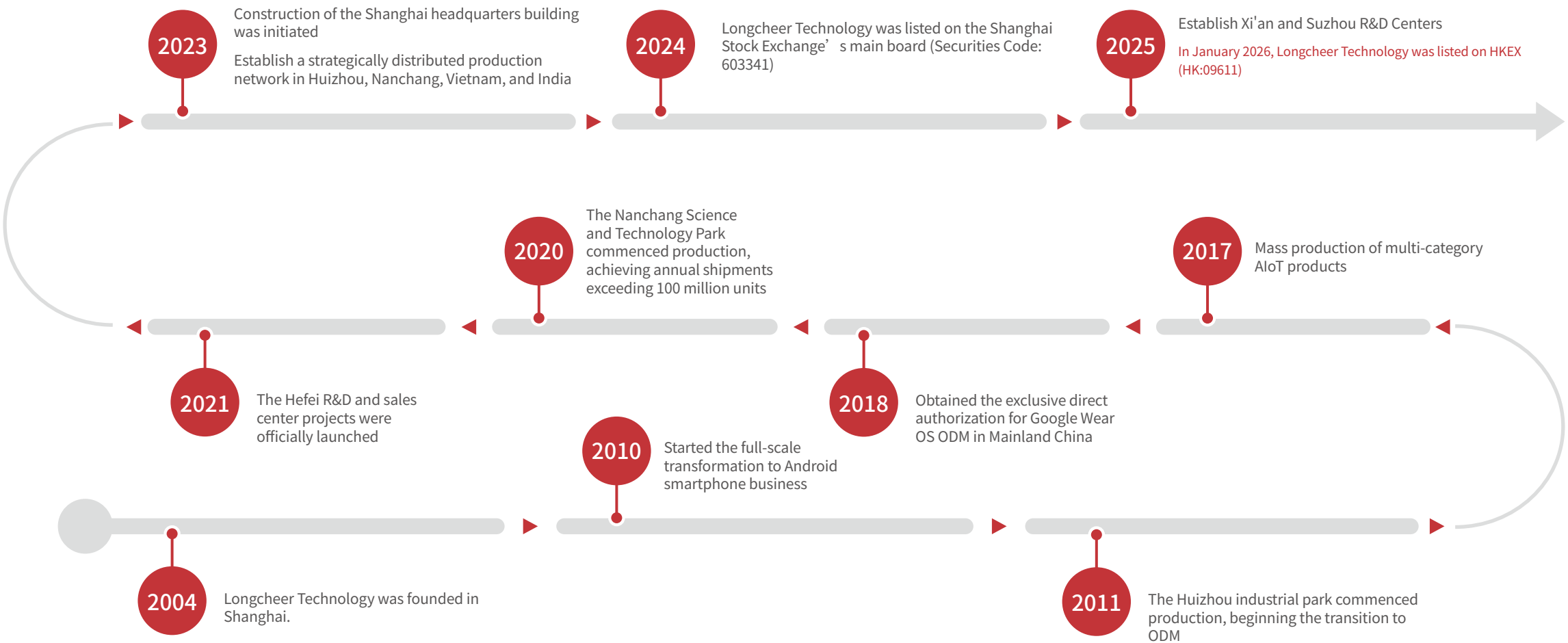
Mission

Create Values Through Technology

Core Values

Customer Centric Inspiring Dedication Long-term Driven

Chronicle of Company Development



Annual Performance and Progress

In addition to advancing its internal ESG objectives, the company actively engages with the broader industry ecosystem and collaborates with peers to promote sustainable development. In 2025, Longcheer Technology, together with 11 enterprises and institutions, launched the "Electronics Industry ESG Cooperation Initiative" at the 2025 IPC CEMAC Electronics Manufacturing Annual Conference. The Initiative focuses on key ESG priorities and common challenges within the electronics industry, contributing to the development of a more collaborative ESG ecosystem across the sector.

Governance: Integrity

Independent directors accounted for **43%** of the Board

Female directors accounted for **29%** of the Board

Coverage rate of business ethics training reached **98.69%**

Number of material information security breach incidents **0**

ISO 27001 certification coverage across all operating sites reached **100%**

The company has been rated as a Class **A** Taxpayer for consecutive years in recognition of its tax credit standing.

The execution rate of confidentiality agreements reached **100%** coverage

Environmental: Sustainability

Percentage of manufacturing bases certified to ISO 50001 **100%**

Percentage of operating sites certified to ISO 14001 **100%**

No incidents of penalties due to violations of environmental laws and regulations during the reporting period

Cumulative electricity savings of **11.39** million kWh for the reporting period

Water savings of approximately **20,200** metric tons for the reporting period

Social: Sharing

Percentage of women in revenue-generating functions: **53.28%**

Percentage of operating facilities certified to ISO 45001 **100%**

100% of qualified suppliers signed the *Supplier Corporate Social Responsibility Agreement*

100% of target suppliers underwent corporate social responsibility assessments

Provide full coverage of anti-discrimination and anti-harassment training for **all employees**

In 2025, the company provided employment opportunities for **139** persons with disabilities and **1,453** colleagues from ethnic minorities, striving to create a diverse and inclusive workplace environment and culture

External Recognition and Awards

National Green Factory
Ministry of Industry and Information Technology of China
January 2025

Perfect Quality
Lenovo
May 2025

Best Quality Award
Lenovo
May 2025

Fortune China 500
Fortune China
2025 年 7 月

Top 100 Enterprises in Electronic Information Competitiveness
China Electronic Information Industry Federation
September 2025

2025 Wind China Listed Companies ESG Best Practice Top 100
Wind
September 2025

China Top 500 Manufacturing Enterprises
China Enterprise Confederation
September 2025

Top 100 Leading Enterprises in China's Strategic Emerging Industries
China Enterprise Confederation & China Enterprise Directors Association
September 2025

2025 IPC China ESG Benchmark Enterprise Award
IPC Asia
September 2025

Lenovo Quality Leadership Award
Lenovo
October 2025

Xiaomi Best Partner Award
Xiaomi
2025

Xiaomi Outstanding Quality Award
Xiaomi
2025

2025 Shanghai Top 100 Enterprise List

- **Shanghai Private Manufacturing Enterprises**: Top 100- *5th*
- **Shanghai Growing Enterprises**: Top 100- *10th*
- **Shanghai Emerging Industry Enterprises**: Top 100- *13th*
- **Shanghai Private Enterprises**: Top 100- *16th*
- **Shanghai Manufacturing Enterprise**: Top 100- *17th*
- **Shanghai Enterprises**: Top 100- *47th*

Wind ESG	商道融绿 SynTao Green Finance		CDP
Achieved an AA rating in the 2025 Wind ESG assessment.	Received an A rating in the SynTao Green Finance ESG evaluation.	Attained an A rating in the Hua Zheng ESG assessment.	Awarded a B rating in the CDP Climate Change Questionnaire.

ESG Strategy and Management

ESG Strategy and Mechanism

Longcheer integrates Environmental, Social and Governance (ESG) principles into its corporate governance and business management systems. By improving governance structures, clarifying strategic direction, strengthening risk management and control, and continuously optimizing management mechanisms, the company drives alignment between ESG management and long-term development objectives, solidifying the governance foundation for high-quality, sustainable development.

ESG Governance

The company has established an ESG governance structure integrated with its existing corporate governance system, forming a management system with clear authority and accountability that connects all levels.

The Board of Directors serves as the company's highest decision-making body, bearing ultimate responsibility for sustainable development and ESG management, and exercising strategic leadership and oversight functions within the governance structure. The Strategy and ESG Committee, established under the Board, operates as a specialized working body performing relevant duties in accordance with the Implementation *Rules for the Board Strategy and ESG Committee*. Composed of directors and chaired by the Chairman of the Board, the committee convenes meetings through standardized procedures and reports to the Board.

The ESG Executive Committee serves as the decision-making body bridging the upper and lower levels of the ESG governance framework. In terms of oversight, it coordinates ESG efforts across various functions. In terms of support, it allocates necessary resources for corporate-level ESG initiatives to ensure effective implementation. In 2025, the ESG Executive Committee held six meetings to make decisions on ESG-related matters.The ESG Office, composed of representatives from functional systems and manufacturing sites, leads and coordinates the execution of ESG-related work and regularly reports to the ESG Executive Committee.

In 2025, the company appointed a Chief Sustainability Officer (CSO), who reports directly to the Board of Directors and the Strategy and ESG Committee. Serving as convener of the ESG Executive Committee and Director of the ESG Office, the CSO coordinates strategic planning, compliance and risk control, operational integration, and performance monitoring to ensure effective implementation of sustainable development goals.ESG-related sustainability metrics have been incorporated into the CSO’ s annual performance evaluation, accounting for 10% of the overall performance assessment.

During the reporting period, the Strategy and ESG Committee held two meetings to research, discuss, and provide recommendations on the company's long-term development strategy, major investment matters, and ESG-related issues, continuously strengthening the Board's review and oversight functions for ESG matters.

Longcheer's ESG Governance Structure

ESG Strategy

Longcheer has integrated sustainability principles into its overall development planning. The Strategy and ESG Committee is mandated to research the company's sustainable development strategy, ESG objectives, and major matters, and to review ESG-related reports, ensuring alignment between ESG management and corporate strategic direction. Meanwhile, the committee deliberates and researches major investment and financing proposals, capital operations, and asset management projects, incorporating ESG factors into major decision-making considerations. This drives deep integration of environmental, social, and governance requirements with business decisions, achieving coordinated advancement of strategic development and sustainability goals.

Adhering to the mission of "Create Values Through Technology," Longcheer Technology adopts a long-term orientation and has established a three-tier ESG strategic framework:

Longcheer ESG Strategy Framework

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 Technology ensures integrity in operations through standardized governance and business ethics systems aligned with international best practices.
- Environmental :Longcheer Technology is fully committed to addressing climate change, promoting environmental sustainability through green products and green operations, and contributing to the preservation of natural landscapes.
- Social :By building a globally satisfied workforce, advancing responsible procurement management, and fulfilling exemplary corporate citizenship obligations, Longcheer Technology fulfills its mission of "Create Values Through Technology" and shares the benefits of technological advancement.

Impact Layer

- Through systematic, scientific, and standardized ESG efforts, Longcheer supports the achievement of 16 of the United Nations Sustainable Development Goals, contributing its corporate strength.

ESG Risk Management

Longcheer has deeply integrated ESG risk management into its overall risk management process, establishing systematic management mechanisms across governance structure, risk identification, assessment and grading, institutional development, and business integration, achieving comprehensive fusion of sustainability factors with business operations.

The company regularly employs tools such as the SASB Materiality Issues Matrix and scenario analysis to identify environment, social, and governance-related risks and opportunities from a full value chain perspective, including supply chain human rights risks, climate policy change risks, compliance and regulatory risks, customer audit risks, and reputational risks. For identified risks, the company implements graded management based on probability of occurrence and impact severity, prioritizing high-probability, high-loss risk matters such as environmental penalties, major quality incidents, or reputational crises, and clearly defining responsible departments and response measures to enhance the relevance and effectiveness of risk response.

The company has formulated specialized management policies and tools focused on key ESG risks, continuously improving institutional documents such as climate change policies and supplier codes of conduct, and strengthening monitoring and data management through digital systems. Meanwhile, the company embeds ESG requirements into core business processes including procurement, production, and investment and financing—for example, reinforcing admission and graded management through a supplier ESG scoring mechanism, and incorporating ESG assessments into investment and financing due diligence, achieving front-end identification and control of risks and avoiding potential compliance and reputational risks from concentrating at the back end.

Currently, Longcheer has organically integrated the above risk identification and assessment mechanisms with existing management processes, constructing dynamic monitoring and continuous optimization mechanisms at the business level. Through regular internal ESG hierarchical reporting, ESG report publication, customer social responsibility audits, and external rating assessments, the company has formed a closed-loop management system of "governance—assessment—execution—monitoring," continuously enhancing systematic management capabilities for long-term strategic risks, compliance risks, and reputational risks, providing strong support for the company's stable operations and sustainable development.

Metrics and Targets

Fields	Targets	2025 Metrics and Progress
Governance	■ Information security awareness training coverage target: 100% of employees ■ Confidentiality agreement execution rate: 100% ■ Major information security incidents(annual) : 0	■ In 2025, information security awareness training achieved 100% coverage of all employees ■ In 2025, confidentiality agreement signing rate achieved 100% coverage ■ No major information security incidents occurred throughout the year
Environmental	■ Using 2023 as the baseline year, the company targets at least a 3% annual reduction in greenhouse gas emission intensity ■ The company's general solid waste recycling rate remains stable at 90% (±3%) ■ Using 2023 as the baseline year, the company has set water-saving targets for the next five years, aiming for a 3% annual reduction in m^3 per 10,000 unit	■ In 2025, the company’s greenhouse gas emission intensity was 2.38 tonnes of CO_2 equivalent per million of operating revenue ■ In 2025, 97.7% of the company's waste was recycled and reused ■ In 2025, the company's water consumption decreased by 19.8% quarter-over-quarter
Social	■ Customer information security and yellow zone audit pass rate: 100% ■ Major safety incidents: 0 ■ Occupational diseases: 0 ■ Chemical leakage incidents: 0 ■ 100% completion of supplier annual CSR audit plan	■ In 2025, first-time pass rate for customer information security and yellow zone audits: 100% ■ In 2025, zero major safety incidents occurred ■ In 2025, zero occupational disease cases occurred ■ In 2025, zero chemical leakage incidents occurred ■ In 2025, CSR audit completion rate for supplier annual review plan: 100%

Dual-Materiality Analysis

Stakeholder Identification and Engagement

Longcheer attaches great importance to regular communication and two-way engagement with diverse stakeholders. Through multiple channels, the company proactively listens to and responds to stakeholder concerns, translating communication outcomes into important foundations for management improvement and strategic optimization, continuously enhancing corporate sustainability performance.

Stakeholder Group	Shareholders	Capital Market	Customers	Employees	Suppliers	Communities	Social Organizations
Stakeholder Representatives	• Investors	• Exchanges, Securities Regulatory Commissions and other regulatory authoritie • Potential Investors • ESG Risk Management	• Telecom Operators • Brand Customers	• All Employees	• All Suppliers	• Targeted Assistance Areas	• Universities and Research Institutions • Media • NGOs • Industry Associations
Stakeholder Concerns	• Company's Business • Long-term Development Planning and Financial Performance • ESG Performance • Corporate Governance and Risk Control • Investor Communication and Engagement	• Compliance and Legal Operations • ESG Risk Management • Stable and Healthy Investment Returns	• High-quality Product Performance • Information Security and Privacy Protection • Green Product Standards • Timely and Efficient Customer Service • Overall ESG Performance	• Compensation and Benefits • Capacity Building Programs • Clear and Transparent Career Paths • Stable Corporate Development • Workplace Health and Safety	• Fair and Transparent Procedures • Stable Financial Performance and Payment Policies • Long-term and Stable Cooperative Relationships • Fair, Just, Open, and Transparent Environment	• Contribution to Sustainable Community Development • Sharing of Corporate Development Outcomes	• Strong Collaborative Relationship • Timely Sharing of Corporate Experience and Practices • Collective Industry Development
Stakeholder Focus Topics	• Compliance and Risk Management • Product and Service Quality • ESG Management	• Compliance and Risk Management • Protection of Customer Rights • Product and Service Quality	• Product and Service Quality • Data Security and Customer Privacy Protection • Technology Ethics	• Employee Health and Safety • Employee Welfare and Care • Employee Legal Rights and Protections	• Product and Service Quality • Innovation-Driven Growth • Supply Chain CSR Management	• Pollutant Emissions • Rural Revitalization and Social Contribution • Environmental Compliance Management	• Product and Service Quality • Anti-Unfair Competition • Compliance and Risk Management
Key Communication and Engagement Methods	• Information Disclosure • Shareholders' General Meeting • Investor Research • Communication Hotline and Email • SSE E-Interaction Platform	• Information Disclosure • Investor Relations Records • ESG Ratings	• Pre-sales Communication • After-sales Service • Routine Communication (e.g., Customer Visits) • High-quality Industry Exhibitions • Third-party Training • Customer Audit	• Online Communication Platforms • Employee Complaint Hotline • Employee Shared Service Center • Joint Debugging Center • HR Service Public Email	• Supplier Training • On-site Audits and Communication • Regular Visit	• Public Welfare Activities	• Periodic Communication and Feedback • Project Cooperation • Websites, Official Accounts and other Public Channels

Double Materiality Analysis Framework

Following the overarching principle of "systematic identification, scientific assessment, prudent validation, and dynamic application," the company has established a standardized double materiality analysis process. This process integrates stakeholder concerns with the company's development strategy, ensuring that the identification of material issues is both compliant and rigorous, thereby providing robust support for information disclosure and strategic decision-making.

Value Chain and Stakeholder Identification

Value chain mapping and stakeholder identification

Based on its business model, the company systematically analyzes its overall valuechain structure to identify the main stakeholder groups involved in each businesssegment.

It assesses the degree of correlation and influence these stakeholders haveon the company's operational activities, clarifying their roles and level ofparticipation in the value creation process.

Developing the List of Sustainability Topics

Referencing standards and industry practices to build a sustainable development topics list

The Company systematically develops a scientific, comprehensive, and industry-relevant list ofsustainability topics,

This process intearates reference to sustainability disclosure standards andguidelines, capital market ESG rating requirements, peer benchmarking analysis, and research onindustry trends, while also taking into account Longcheer's own business model and operationalrealities.

Double MaterialityAssessment

Conduct double materiality assessment on topics' impacts and financial significance

Based on the list of sustainability topics, the Company conducts a double materiality guestionnairesurvey with key stakeholder groups.

This process systematically assessesthe impact of each topicon the economy, environment, and society, as well as their potential influence on the company's financial position and operating results. Through guantitative analysis and comprehensiveevaluation, the final double materiality assessment results are determined.

Report Disclosure and Strategic Integration

Report, strategize, and improve — closing the loop

The Company incorporates the double materiality assessment results into its annual sustainabilityreport for standardized disclosure, ensuring information transparency, compliance, and completeness.

Concurrently, the assessment conclusions are integrated into the Company'ssustainability strategy and management practices, implementing closed-loop management aroundmaterial topics to continuously improve sustainability performance.

Analysis Process for the Double Materiality of Longcheer

In 2025, the company conducted an online survey of internal and external stakeholders, distributing the Double Materiality Assessment questionnaire. A total of 534 valid responses were collected, comprising 452 from internal stakeholders and 82 from external stakeholders. Based on the survey results, the company assigned values to the question options and applied the weighted average method for calculation and analysis, ultimately forming a Materiality Matrix and completing the 2025 Double Materiality Analysis.

Double Materiality Matrix

In 2025, Longcheer Technology developed a list of topics for the year by taking into account the exchange-prescribed topics, its own business characteristics, and industry development trends. A total of 26 relevant topics were identified, of which seven were deemed to have high financial materiality and a significant level of impact.

Longcheer 2025 List of ESG Topics

Social Topics

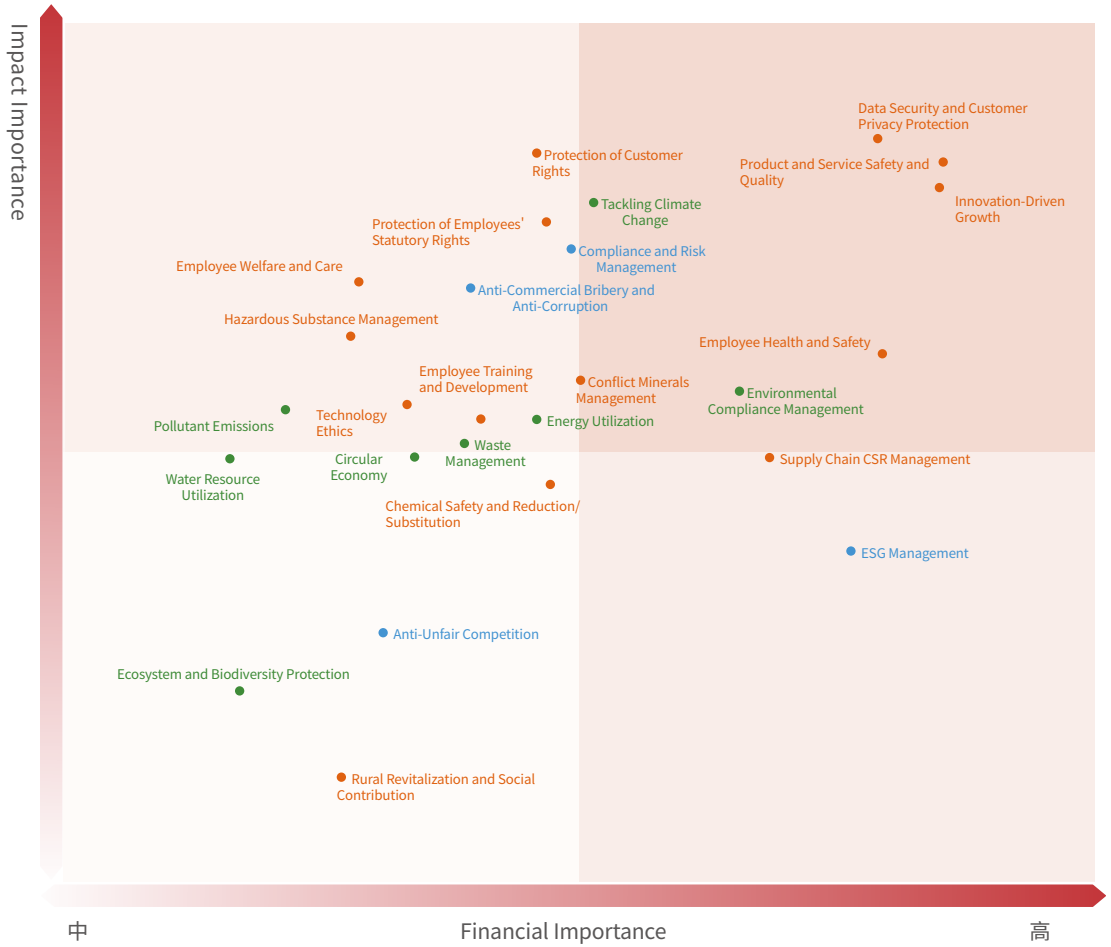
1. Innovation-Driven Growth
2. Technology Ethics
3. Product and Service Safety and Quality
4. Hazardous Substance Management
5. Data Security and Customer Privacy Protection
6. Protection of Customer Rights
7. Protection of Employees' Statutory Rights
8. Employee Welfare and Care
9. Employee Training and Development
10. Employee Health and Safety
11. Chemical Safety and Reduction/ Substitution
12. Supply Chain CSR Management
13. Rural Revitalization and Social Contribution
14. Conflict Minerals Management

Environmental Topics

1. Tackling Climate Change
2. Energy Utilization
3. Pollutant Emissions
4. Waste Management
5. Circular Economy
6. Water Resource Utilization
7. Environmental Compliance Management
8. Ecosystem and Biodiversity Protection

orporate Governance Topic

1. ESG Management
2. Anti-Commercial Bribery and Anti-Corruption
3. Anti-Unfair Competition
4. Compliance and Risk Management



Longcheer 2025 Double Materiality Matrix

The Longcheer Strategy and ESG Committee has comprehensively reviewed and confirmed this year's Materiality Matrix.

02

Governance:Integrity

Longcheer continuously improves its corporate governance and compliance management system, integrating the concept of sustainable development into strategic decision-making and daily operations. Focusing on key areas such as the ESG governance structure, business ethics, anti-corruption and anti-unfair competition, and risk management, the company strengthens policy development and implementation oversight. By refining its internal control mechanisms and risk identification processes, Longcheer enhances management transparency and operational efficiency, striving to build itself into a global technology company characterized by standardized governance, efficient operations, and trustworthiness.

Supporting SDGs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Our Targets

- Information security awareness training coverage target: 100% of employees
- Confidentiality agreement execution rate: 100%
- Major information security incidents(annual) : 0

Our Progress

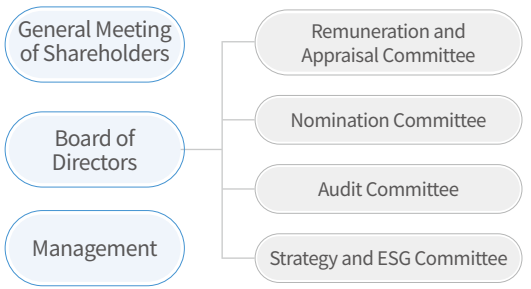
- The company organized 7 shareholders' meetings and 14 board meetings throughout the year
- Annual information security awareness training achieved 100% coverage of all employees
- Confidentiality agreement signing rate achieved 100% coverage
- No major information security incidents occurred throughout the year
- 100% of operating sites certified under ISO 27001 Information Security Management System
- The company has been rated as a Class A taxpayer for consecutive years

Standardizing Corporate Governance

Optimizing Corporate Governance

Longcheer strictly adheres to the requirements of relevant laws, regulations, and normative documents, including *the Company Law of the People's Republic of China,* the Securities Law of the People's Republic of China, the *Code of Corporate Governance for Listed Companies*, the *Stock Listing Rules of the Shanghai Stock Exchange,* and the *Rules Governing the Listing of Securities* on The Stock Exchange of Hong Kong Limited. The company has formulated and implemented internal rules and systems such as the *Articles of Association*, the *Board Diversity Policy*, the *Rules of Procedure for the Board of Directors,* and the *Rules of Procedure for General Meeting of Shareholders,* establishing a corporate governance system with clear authority, responsibilities, and standardized procedures.

The Board of Directors has established the Strategy and ESG Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Through specialized division of labor and collaborative operation, these committees promote the company's compliant and stable operations.



Longcheer's Corporate Governance Structure

Board Members and Performance of Duties

The Board of Directors operates on a three-year term system, with the eligibility for re-election upon term expiration. The Board consists of seven members, including three independent directors and one employee representative director. Directors who are not employee representatives are elected by the General Meeting of Shareholders, while the employee representative director is elected by the Staff Representative Congress. The Nomination Committee is responsible for candidate selection and pre-qualification review, and the General Meeting of Shareholders has the authority to remove directors prior to term expiration in accordance with established procedures.

In accordance with the *Articles of Association* and the *Board Diversity Policy*, Board members are required to maintain balance and diversity across multiple dimensions, including gender, age, nationality, cultural and educational background, professional expertise, and industry experience. Independent directors shall possess the necessary work experience in law, accounting, economics, or other relevant fields to fulfill their duties. The Chair of the Audit Committee must be an independent director with expertise in accounting or financial management, and independent directors must constitute the majority on both the Nomination Committee and the Remuneration and Appraisal Committee. The Nomination Committee conducts an annual assessment of the effectiveness of the *Board Diversity Policy*, monitors its implementation, reviews the Board's composition, and proposes adjustments as necessary. In 2025, the Board's professional competencies encompass key areas including strategic investment, financial accounting, advanced manufacturing, and R&D. Through its specialized committees, the Board achieves functional structuring, supporting the company's governance in the context of its cross-market operations.

Detailed Information of Longcheer Board of Directors Members

No.	Name	Position	Gender	Age	Nationality	Term of Office	Professional Background				Specialized Committee Memberships
							Industry experience	Accounting/ Finance	R&D	Strategic Investment	
1	Du Junhong	Chairman of the Board	Male	53	China	11 years	✓		✓	✓	Nomination Committee Strategy and ESG Committee
2	Ge Zhengang	Director and General Manager	Male	50	China	11 years	✓			✓	Strategy and ESG Committee
3	Guan Yadong	Director and Deputy General Manager	Male	54	China	11 years	✓		✓		
4	Qin Yanling	Employee Representative Director	Female	54	China	1 year	✓	✓			
5	Shen Jianxin	Independent Director	Male	57	China	4 years			✓	✓	Audit Committee Nomination Committee Remuneration and Appraisal Committee Strategy and ESG Committee
6	Yang Chuan	Independent Director	Male	57	China	4 years		✓		✓	Audit Committee Remuneration and Appraisal Committee
7	Niu Shuangxia	Independent Director	Female	45	China	1 year			✓		Audit Committee Nomination Committee Remuneration and Appraisal Committee

Proportion of Independent Directors:
43%

Proportion of Female Directors:
29%

Average Tenure of Board Members:
6.1 years

Performance-Based Compensation for Executive Directors Accounts for No Less Than 50% of Total Basic and Performance Compensation

The company has established a compensation system for directors and senior management that is linked to both corporate performance and individual assessments, in accordance with the *Compensation Management System for Directors and Senior Management*. This system clearly defines the mechanisms for compensation payment, adjustment, and clawback. Corporate performance indicators are composed of elements such as operating revenue, profit, and sustainable development performance. Should a director or senior management member cause losses to the company due to improper performance of duties or involvement in illegal or non-compliant acts such as financial fraud, the company reserves the right to deduct or suspend payment of their outstanding performance-based and medium-to-long-term incentive compensation, and to reclaim amounts already paid.

In 2025, the company's Board of Directors and General Meeting of Shareholders operated with high standards of compliance and efficiency. A total of 14 Board meetings, and 7 General Meeting of Shareholders (comprising 1 Annual General Meeting and 6 Extraordinary General Meetings) were held during the year. These meetings reviewed and approved a series of significant proposals, including the election and re-election of the Board of Directors, the 2024 Annual Report and ESG Report, the issuance and listing of H-shares, share repurchases, restricted share incentive plans, and amendments to the A*rticles of Association.* There were no absences of Board members at any of these meetings.

Board Meetings:
14
meetings held during the year

General Meeting of Shareholders
7

Board ESG Empowerment

In 2025, the Board of Directors actively participated in several specialized training sessions, with training content covering:

- Changes in ESG regulatory rules of domestic and overseas exchanges and their impact;
- Analysis of Longcheer's current ESG performance and existing gaps;
- Proposals and plans for advancing key ESG initiatives.

Protect Shareholders' Rights and Interests

The company places high importance on protecting the rights and interests of minority shareholders. In 2025, the company revised several policy documents, including the *Information Disclosure Management System, Inside Information Management System, Rules of Procedure for Shareholders' Meetings, and Decision-Making System for Related-Party Transactions*, to continuously improve its governance framework and safeguard shareholder rights.

Regarding the right to information, the company ensures that all shareholders can obtain true, accurate, and complete information fairly and promptly through mandatory information disclosure, stringent control of inside information, and transparent requirements for the pricing, approval, and execution of related-party transactions.

Regarding the right to participation and decision-making, shareholders possess core rights such as proposing motions, attending meetings, and exercising voting rights by proxy. In decisions involving potential conflicts of interest, such as related-party transactions, the company ensures shareholder opinions are fully considered in the decision-making process. This is achieved through mechanisms including mandatory abstention by interested directors/shareholders, prior approval by a special meeting of independent directors, opinions from independent financial advisors, a tiered review procedure based on transaction amount and significance, combined with cumulative voting and separate vote counting for minority shareholders.

Regarding the right to supervision and remedy, the company's policies guarantee shareholders' rights to make recommendations and inquiries regarding company operations (including related-party transactions), to petition for the invalidation or revocation of defective resolutions, and to pursue judicial remedies through direct litigation or shareholder derivative lawsuits against actions such as illegal related-party transactions. A accountability mechanism has also been established for directors and shareholders who fail to fulfill their obligation to abstain from voting, forming an effective system of supervision and restraint over insiders, major shareholders, and related parties.

Regarding property rights, the company has established a sustained profit distribution policy prioritizing cash dividends, a fair pricing principle for related-party transactions, the right of dissenting shareholders to request share repurchases, and the right to distribution of residual property upon the company's liquidation. These measures prevent unfair related-party transactions from damaging the company's assets and effectively safeguard shareholders' economic interests.

The company's protection of shareholder rights covers the entire process from information acquisition, conflict of interest prevention, and governance participation to dividend distribution. This is designed to create a fair, transparent, and balanced corporate governance environment that fully protects the legitimate rights and interests of all shareholders, particularly minority shareholders.

Optimizing Investor Communication

The company ensures efficient and transparent communication with investors through systematic channel management and rigorous process control, while steadfastly safeguarding the fair right to information for all investors, particularly minority shareholders.

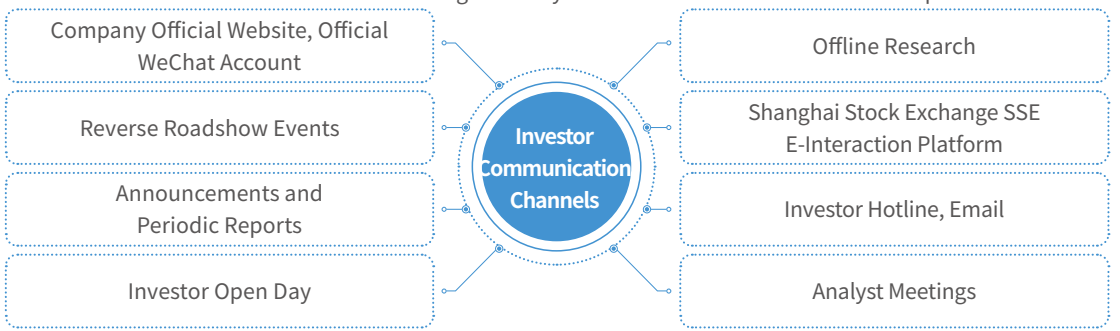
The company's *Information Disclosure Management System* establishes the fundamental principle of equal access to information, strictly prohibiting any form of leakage of undisclosed material information or selective disclosure. It also stipulates that research activities must be fully documented, jointly signed, and filed for record to ensure process traceability and content oversight.

In 2025, the company continued to deepen its investor relations management, maintaining efficient engagement with the capital market through diversified channels. Throughout the year, the company conducted a total of 151 offline research activities and reverse roadshows, and participated in 27 broker strategy conferences. Thematic events were organized, including the annual Investor Open Day and a special research session on AI smart glasses. The company disclosed 11 Records of Investor Relations Activities externally, and responded to 51 inquiries from minority investors on the SSE E-Interaction platform, achieving a 100% response rate. Through these multi-dimensional and comprehensive efforts, the company effectively communicated its value and future development prospects to the market.

151 offline research activities, reverse roadshows, and other events

11 Investor Relations Activity Records disclosed throughout the year

100% response rate for inquiries on the SSE e-Interactive platform



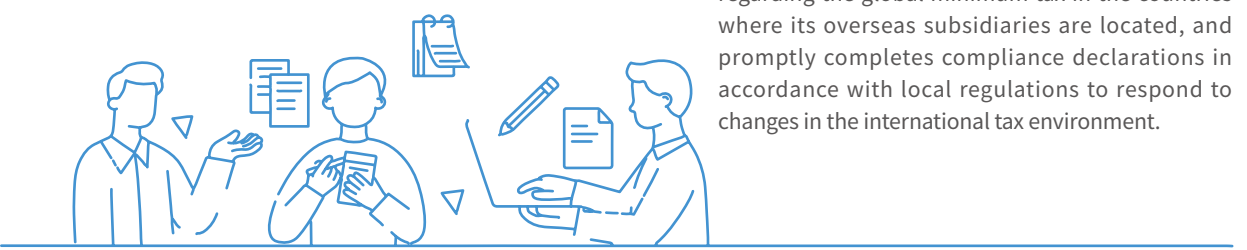
Investor Communication Channels

Building Tax Transparency

Tax Management Structure and Processes

The company has established a Tax Department under its Finance System, responsible for group tax compliance and consulting. The department's main responsibilities include: planning business models, conducting specialized tax planning, managing daily tax affairs, arranging and reviewing tax compliance declarations for all group subsidiaries, and applying for and managing tax incentive qualifications. It formulates and implements the group's transfer pricing policy, and studies changes in international tax policies and their impact on the company.

The company's tax management process is integrated into the Financial Shared Services framework, encompassing five sub-modules: tax business management, tax planning management, related-party transaction management, tax compliance management, and tax risk management.



Tax Control and Risk Management

The company strictly follows process mechanisms such as the *CT Compliance Testing and PR Proactive Review within the Management Process Operations framework* to conduct comprehensive inspections and process operations for tax management, ensuring the effectiveness of internal control mechanisms and the compliance of procedures. In 2025, eight process CT compliance tests were conducted within the company's core subsidiaries, achieving a CT compliance rate of 95.28%.

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

Training for Tax Personnel and Departments

In 2025, the company's Finance Academy continued to offer high-quality tax training courses, dedicated to enhancing participants' tax compliance awareness and improving their tax management capabilities. 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 studies, special lectures, and practical exercises, participants gained an in-depth understanding of the latest developments in the tax environment and effectively enhanced their ability to handle complex tax issues in actual business operations.

Enhanced Tax Compliance

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

Strengthened Professional Competence

Participants' professional tax knowledge and practical skills were significantly improved, assisting the company in cultivating a high-level tax management team.

Rapid Response to Policy Changes

Enabled timely understanding of and adaptation to the latest developments in tax policies, ensuring the company maintains a competitive edge in the field of tax compliance.

The Finance Academy, centered on a specialized training model, transforms practical experience into structured courses to continuously cultivate tax professionals for the company. This system directly empowers business operations, achieving an overall enhancement of the company's tax management capabilities. It also provides robust support for tax risk prevention and control, laying a solid foundation for sustainable development.

Strengthening Compliance Management

Strengthening Risk Management

Risk Management System and Framework

Longcheer places high importance on developing its risk management system. In response to the compliance requirements of listed companies and the regulatory expectations of A+H dual capital markets, the company continuously improves its comprehensive risk management framework covering strategic, operational, compliance, and ESG risks.

The company persistently refines its governance structure to align with comprehensive risk management. In January 2026, the Corporate Governance and Risk Management Committee was established. This progressively built a risk management architecture involving oversight by the Board of Directors, coordination promoted by the Corporate Governance and Risk Management Committee authorized by senior management, and collaborative implementation by functional departments. This structure facilitates the deep integration of risk management throughout the entire process of corporate governance and operational management.

Reviews and approves the Company'sfundamental managementsystemsestablishing the overarching principles for risk management.

The Corporate Governance and Risk Management Committee, authorized by senior managementserves as the standing decision-making bodyfor corporate goverance and risk management It isresponsible for formulating risk management strategies, frameworks, policies, and risk appetite:identifying and analyzing the Company's overall internal and external risks, completing riskprioritization, and mapping the risk landscape; approving major resource allocation plans, anddefining the responsible parties for each major risk and cross-functional risk.

Conducts risk assessments at the business level, and formulates andimplements specific response measures.

Risk Management Framework

The company has established a comprehensive risk prevention and control mechanism by building an internal control organizational system. This mechanism progressively forms three lines of defense: business departments and related functional departments serve as the first line of defense; internal control, financial control, quality control, and compliance control function as the second line of defense; and the Audit Committee along with the Audit and Supervision Department act as the third line of defense. The Board of Directors bears the ultimate responsibility for corporate governance and comprehensive risk management. It exercises supervision over internal control, risk management, and audit and supervision work through the Audit Committee, thereby ensuring the independence and effectiveness of the risk management system.

First Line of Defense

Business Management Layer / Process Owners

The business management layer and process owners are responsible for identifying, assessing, and responding to daily risks within their respective business areas, resolving 95% of routine operational issues, ensuring strict process execution, and implementing process accountability.

Second Line of Defense

Internal Control and Risk Management Department / Process Management Department.

The Internal Control and Risk Management Department and the Process Management Department are responsible for the coordinated management of high-risk matters across processes and functions, while also promoting risk management methodologies and empowering business units.

Third Line of Defense

Audit Committee and Audit and Supervision Department

The Audit Committee and the Audit and Supervision Department conduct independent audits and investigations to objectively evaluate the effectiveness of risk prevention and control, creating a "cold deterrent" against non-compliant behavior.

Three Lines of Defense in Risk Management

Risk Identification, Analysis, and Response

The company focuses on key areas including operational management, financial control, supply chain systems, related-party transactions, major investments, and anti-corruption and compliance, and systematically advances risk identification and analysis to continuously enhance its risk early warning and response capabilities. By establishing a systematic and standardized closed-loop management process, the company ensures comprehensive risk identification, scientific assessment, timely warning, effective response, and ongoing monitoring, thereby strengthening the consistency and execution of risk management.

Risk Classification and Identification

Through its *Internal Control Manual*, the company has established a comprehensive mechanism for risk identification, control, and follow-up, with a focus on both internal and external risks. Risks are categorized into four major types: strategic, financial, operational, and compliance. Multiple routine approaches are adopted for risk identification, including systematic reviews through questionnaires and process walkthrough testing, on-site verification through audits and special inspections, and retrospective analysis of historical risk cases. In addition, the company has established a dynamic identification mechanism combining quarterly comprehensive risk assessments with monthly targeted risk reviews.

Risk Assessment and Early Warning

Relevant business leaders and experts, under the coordination of financial heads at all levels, conduct discussions and assessments of identified risks, forming a comprehensive risk profile and risk map. Responsibilities and control objectives are clearly assigned for each risk item. For material risks included in the risk map, the company sets defined early warning thresholds. Once risk indicators deviate from target levels, the relevant management teams promptly intervene.

Risk Response and Ongoing Monitoring

For identified risks, the company establishes and continuously updates a comprehensive risk profile, clearly defining responsible persons, corrective measures, and timelines. The risk management function tracks remediation progress on a monthly basis to ensure effective implementation. In 2025, the company identified 237 new internal control deficiencies through focused internal control assessments and special audits across 11 key management domains, including administrative logistics, infrastructure projects, and information systems. Together with 37 deficiencies carried over from 2024 pending closure, a total of 274 deficiencies were subject to rectification. By the end of the reporting period, 201 deficiencies had been remediated and closed, representing an overall closure rate of 84.8%. The company maintains continuous tracking of rectificat

For each identified deficiency, the company specifies responsible departments, corrective actions, and timelines, and verifies the effectiveness of remediation through review mechanisms. For risks with significant deviations, a reporting and escalation mechanism is in place, under which such matters are reviewed by the Corporate Governance and Risk Management Committee and subject to enhanced control procedures. In 2025, several typical non-compliance cases were identified and addressed through inspection mechanisms, and economic losses were effectively mitigated while relevant business units were required to implement corrective actions.

Risk Culture Development

The company continues to strengthen its risk management culture through structured initiatives. It has established a Finance Academy led by the head of the Internal Control and Risk Management Department to deliver systematic training on risk management and internal control. In 2025, the Finance Academy organized 71 training sessions covering risk management, internal audit, and case reviews, effectively enhancing employees' risk awareness and control capabilities and embedding risk-oriented thinking into the corporate culture.

At the same time, the company actively leverages external professional resources by collaborating with training institutions to conduct risk-oriented audit training and inviting industry experts for internal exchanges. Combined with case review mechanisms, these efforts continuously empower audit personnel and strengthen professional capabilities.

Deficiencies rectified and closed:

201

The overall closure rate is

84.8%

Training courses organized by the Finance Academy:

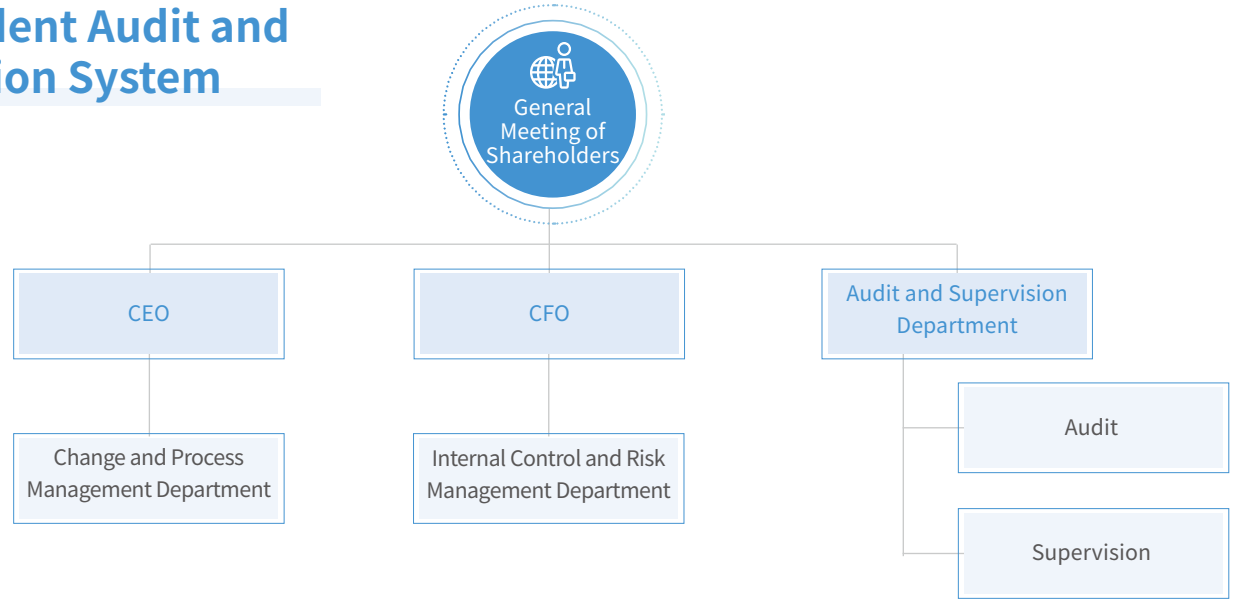
71

Refining the Compliance System

Compliance is the foundation for sustainable and steady development. Longcheer places great importance on compliant operations, promotes the integration of compliance requirements across all business processes, and continuously improves its internal control system to support sustainable development with high standards of compliance management.

The company has issued the *Internal Control Manual* along with 19 implementing rules, and established a series of governance documents, including the *Internal Control Risk Identification Procedures*, *Internal Control Evaluation Procedures*, *Internal Audit Policy*, and *Supervision and Inspection Policy*. The *Internal Audit Policy* clearly defines audit scope, responsibilities and authorities, procedures, and accountability mechanisms. In 2025, the company revised its internal control implementation rules and introduced the *Detailed Rules for Internal Supervision of Internal Control*, further strengthening its internal control framework.

Independent Audit and Supervision System



Organizational Structure of Compliance Audit

The company has established a compliance audit structure with clear responsibilities and efficient coordination. The Internal Control and Risk Management Department, Audit and Supervision Department, and Process Management Department, together with the Operations Management units within business departments, form an integrated internal control network to conduct independent audit and supervision over business activities, ensuring compliant operations.

The Audit and Supervision Department operates under an independent vertical management structure and reports directly to the Audit Committee, ensuring the objectivity and authority of its supervisory functions.

Organizational Independence

The Audit and Supervision Department operates independently from all business units and reports directly to the Board's Audit Committee, which is responsible for approving annual audit plans and reviewing major audit findings.

Functional Integrity

The Audit and Supervision Department is fully responsible for internal audit, supervisory investigations, and anti-fraud efforts, with independent authority over investigation, reporting, and follow-up on rectification.

Audit Coverage

Through its internal audit mechanism, the company conducts ongoing supervision of key operational and management activities across the Group and its subsidiaries. Audit coverage extends to all functional departments and affiliated entities, focusing on key areas such as financial management and budget execution, asset management, procurement and sales, major investments and business decisions, infrastructure projects, and fixed asset management.

Standardized Audit Mechanisms

The company has established standardized audit procedures and diversified audit approaches to ensure professionalism and effectiveness.

End-to-End Process Management

Audit work follows six stages—planning, preparation, execution, reporting, rectification, and review. Upon completion of fieldwork, auditors prepare reports within a specified timeframe and communicate fully with audited entities to ensure factual accuracy and practical recommendations. In 2025, the company completed the development of three core processes—investigation, management audit, and departure audit—supported by 22 related documents.

Categorized Audits

Depending on objectives and scope, audits are conducted in the form of internal control audits, special audits, departure audits, and other audits authorized by the Audit Committee. Various methods are applied, including on-site audits, off-site reviews, pre-event and post-event audits, full-process tracking audits, self-audits, and joint audits.

Closed-loop Rectification

Following the issuance of audit reports, the audit function formulates rectification plans and tracks implementation, reporting progress to the Chairman in stages. Follow-up reviews are conducted within three months after completion of rectification, with further audits conducted as necessary. The company adheres to the principle of “accountability, rectification, and application” after audits, and has established a feedback mechanism for audit outcomes. Regular reviews are conducted to ensure effective application of audit results in risk prevention, management improvement, and operational efficiency.

In the past three years, the company has not had any audit findings referred to judicial authorities.

Building an Integrity-Driven Ecosystem

Longcheer adheres to the principle of integrity in business operations and adopts a zero-tolerance approach to bribery and corruption. The company has established an anti-corruption management system covering policy development, supervision and enforcement, and cultural promotion.

Institutional and Organizational Safeguards

The company strictly complies with applicable laws and regulations, including the *Criminal Law of the People's Republic of China and the Company Law of the People's Republic of China*, and has established key policies such as the *Code of Business Conduct for Employees, Business Redline Management Policy, Guidelines for Accountability for Business Violations, Economic Accountability Guidelines, and Gift Management Policy*. These policies clearly define responsibilities and strictly prohibit bribery, corruption, and conflicts of interest, providing a strong institutional foundation for integrity in operations.

In 2025, the company updated and publicly released the *Code of Business Ethics* in both Chinese and English, covering key areas such as anti-corruption and anti-bribery, conflict of interest, information confidentiality, anti-monopoly and fair competition, anti-money laundering and insider trading, environmental health and safety, and whistleblowing mechanisms, further enhancing the system's comprehensiveness and international alignment.

Anti-bribery and anti-corruption matters are overseen by the Chairman as the ultimate responsible authority, while the Audit and Supervision Department, as an independent function, is responsible for daily implementation, investigation, and oversight, forming a governance structure with clear responsibilities and tiered management. The company follows principles of legal compliance, presumption of innocence, balance of authority and responsibility, separation of investigation and disciplinary action, and proportional accountability.

Integrity Risk Assessment and Control

To enhance the precision of risk prevention and control, the company has established and dynamically updates an anti-corruption risk map based on historical cases. This map systematically identifies key risk areas across procurement, quality, R&D, human resources, and manufacturing operations, and highlights priority risk behaviors. These risk factors are fully integrated into the annual internal control evaluation system to enable ongoing monitoring of key areas.

The company has built a coordinated internal and external integrity defense system. Internally, audits combine annual full coverage with quarterly targeted inspections, and high-risk positions are subject to a three-year rotation mechanism. Externally, independent third-party audits are conducted annually to assess key anti-corruption areas, forming a robust dual-layer control framework.

The company also conducts regular business ethics audits. In 2025, the Audit and Supervision Department streamlined and integrated audit processes, focusing business ethics audits on 11 key management areas, including administrative logistics, infrastructure projects, and information systems. Through a comprehensive and refined audit evaluation system, the company ensures compliance and operational efficiency across all business processes, effectively mitigates potential fraud risks, and strengthens the compliance foundation for its global expansion and refined management.

Whistleblowing and Whistleblower Protection

Whistleblowing and Complaint Mechanism

The company has established independent and accessible reporting channels, including a dedicated email, hotline, WeChat channel, and the Feishu-based "Integrity Guardian" compliance platform, all of which are independently managed by the Audit and Supervision Department. The reporting process is communicated through onboarding training and sustainability reporting.

Reporting Procedures
Registration and classification assessment completed within 24 hours of receiving a report;
Investigation initiated within three working days;
General cases concluded within 30 days, and major cases with investigation reports issued within 60 days.

In 2025, the company handled a total of 32 reports, all investigated and addressed in accordance with established procedures. Verified violations resulted in disciplinary actions such as formal warnings, demotion, salary reduction, or termination of employment. Cases involving suspected illegal conduct were referred to judicial authorities in accordance with the law.

Reporting Channels

Reporting Methods: Whistleblowers may submit reports personally or through authorized representatives via formal documents, letters, fax, in-person reporting, telephone, email, or other means to the Audit and Supervision Department.

Email: audit@Longcheer.com
Hotline: 16621125566

Whistleblower Protection

The company places high importance on protecting whistleblowers' rights and has established and strictly implemented the *Whistleblowing and Whistleblower Protection Policy*. This policy applies to the company, its subsidiaries, and all employees, and encourages compliance among business partners. The scope of reporting covers various violations, including corruption, information security breaches, forced labor, and discrimination or harassment. All reports are centrally handled by the Audit and Supervision Department, with support from other departments when necessary

Whistleblowers may report anonymously or under their real names. The company ensures full confidentiality of all reporting information and guarantees whistleblowers' rights, including confidentiality, reconsideration, response, and protection. Retaliation in any form is strictly prohibited and will be subject to disciplinary action. Verified reports are handled in accordance with relevant policies, and whistleblowers who provide substantiated and significant information may be rewarded in accordance with company regulations.

Through institutional safeguards and independent handling mechanisms, the company ensures the fairness and security of reporting channels, enhances stakeholder confidence in supervision, and strengthens internal risk early warning capabilities

Integrity Management of Business Partners

The company extends its integrity requirements to the supply chain and business partners to jointly build a clean and transparent business ecosystem. In principle, all suppliers are required to sign the *Integrity and Clean Cooperation Agreement,* which defines related-party relationships and cooperation boundaries, prohibits bribery and improper benefits, and requires suppliers to proactively disclose related-party relationships to prevent potential conflicts of interest and improper transactions. As of 2025, the company has signed such agreements with 1,102 suppliers.

The company conducts annual business ethics and anti-corruption audits for business partners and suppliers, using a combination of document review, on-site inspection, and background checks. During the reporting period, core suppliers achieved 100% audit coverage, while at least 30% of general suppliers were selected for sampling audits. In cases of identified violations, the company will immediately suspend cooperation and take appropriate actions depending on severity, including rectification requirements, termination of cooperation, blacklisting, or legal action.

Through its SRM system, the company promotes annual self-assessments of integrity among suppliers. In 2025, self-assessment reports from 934 suppliers were collected and reviewed. Procurement and audit teams jointly conduct quarterly supplier visits to communicate integrity requirements and assess compliance on-site.

- Suppliers that signed the *Integrity and Anti-Corruption Agreement*: **1,102**
- Core suppliers covered by business ethics review: **100%**
- Suppliers that completed and submitted integrity self-assessment reports: **934**

Integrity Culture Development

Longcheer has established and strictly implemented the *Code of Business Conduct for Employees* and the Guidelines for Accountability for Business Violations, clearly defining misconduct and requiring all employees to comply with applicable domestic and international laws and regulations, uphold integrity, properly manage conflicts of interest, protect company assets, and respect the rights of others. The company also promotes an open and inclusive culture, ensuring fair treatment of global partners and colleagues and maintaining compliant, ethical, and standardized business conduct.

The company continues to strengthen its integrity culture through diversified training and communication initiatives, enhancing integrity awareness and compliance capabilities among employees and business partners.

ntegrity education is incorporated into mandatory onboarding programs. The company conducts compliance training for new employees, offers online courses such as the "One-Minute Legal Awareness" series via the "E-Flag Learning" platform, and regularly shares case studies and compliance updates. In 2025, Longcheer Academy delivered 40 compliance training sessions, and integrity-related courses on the E-Flag platform recorded 7,499 participations, achieving full employee coverage.

Integrity Training System for Employees

- "Compliance" training for new hires
- Online "One-Minute Legal Awareness" courses via E-Flag Learning
- Monthly case briefings and awareness sessions under the "Longcheer Guardian" program Integrated online and offline integrity training programs

- The company actively promotes its integrity and anti-corruption principles to suppliers, fostering a cooperative ecosystem based on transparency and mutual benefit. Through communication of the *Integrity and Clean Cooperation Agreement*, the company clarifies cooperation boundaries and compliance requirements, enhancing suppliers' proactive compliance awareness. In 2025, 17 suppliers were visited for on-site engagement.
- The company also conducts integrity-themed exchanges with customers and participates in customer-led compliance learning initiatives, with 143 participants activated in 2025.

In 2025, the company launched initiatives such as incentivized reporting programs and developed bilingual (Chinese-Vietnamese) promotional materials to enhance integrity awareness in cross-border operations.

As a member of the Sunshine Integrity Alliance, the company continuously improves its compliance management through external exchanges. In 2025, relevant departments actively participated in five industry seminars and professional training programs, including anti-fraud investigation training, digital investigation and risk control forums, regional compliance seminars, and supplier integrity system exchange events, thereby strengthening internal control and anti-fraud capabilities through benchmarking and best practice learning.

Promoting Fair Competition

Longcheer upholds fair competition based on the principles of fairness, integrity, and transparency. By systematically regulating key areas—including transaction practices, marketing and advertising, trade secret protection, and information disclosure—the company has established a comprehensive compliance framework covering the entire business process. This framework effectively mitigates antitrust and unfair competition risks and safeguards a sound market order.

The company adheres to lawful and compliant operations in strict accordance with applicable laws and regulations, including the *Anti-Unfair Competition Law of the People's Republic of China*. It has formulated the *Integrity, Compliance, and Anti-Unfair Competition Management Policy,* which clearly prohibits various forms of unfair competition, including but not limited to commercial bribery, false or misleading promotion, infringement of trade secrets, defamation of business reputation, and anti-competitive practices.

In terms of governance, the Audit and Supervision Department is responsible for overseeing and investigating unfair competition practices, reinforcing independent supervision and accountability mechanisms. Meanwhile, each business unit is responsible for the day-to-day monitoring and risk prevention within its respective scope, ensuring the effective implementation of localized management responsibilities. Through this coordinated approach, the company has established a robust mechanism integrating policy formulation, supervision, and routine risk control.

Regarding marketing and information disclosure, the company enforces stringent requirements on the authenticity and accuracy of advertisements and public communications. False or misleading statements are strictly prohibited. All disclosures concerning product or service performance, pricing, origin, qualifications, patents, and licensing must be truthful, accurate, and clear. Data references must be properly cited, and any content involving administrative licensing must remain consistent with approved scopes. In addition, the company strengthens the protection of trade secrets and strictly prohibits the improper acquisition, disclosure, or use of proprietary information.

To reinforce employees' understanding of fair competition principles, the company integrates compliance training into onboarding programs and provides continuous education and thematic training during employment. These efforts aim to deepen employees' awareness and ensure adherence to relevant laws, regulations, and internal policies in daily operations.

In 2025, the company was not involved in any legal proceedings related to monopoly or unfair competition, nor were there any cases involving conflicts of interest or insider transactions.

Strengthening Data Security

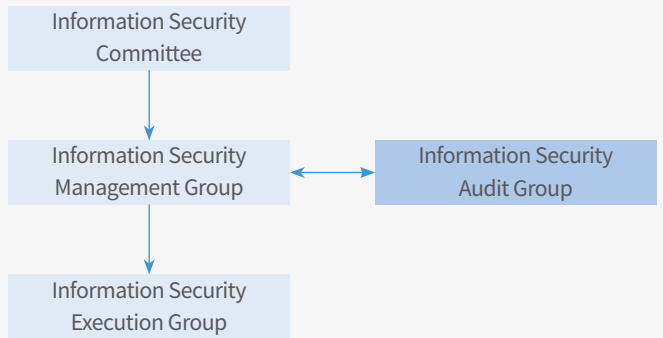
Governance

Longcheer has established an information security governance framework led by the Information Security Committee. The Committee is chaired by the CEO, with the Head of Process and IT Systems serving as the Chief Information Security Officer , and heads of various functions serving as committee members. An execution team is jointly formed by department heads, departmental information security representatives, and the Information Security Department. A monitoring team is led by the information security lead, with heads of IT-related departments as its members.

The Board and management oversee information security strategies, major risks, and management effectiveness through the Information Security Committee. This ensures that information security is deeply integrated with internal control and audit processes, while remaining aligned with the company's overall development strategy.

Longcheer has established and implemented a comprehensive set of information security policies, including the *Information Security Management Manual, Confidential Information Classification and Authorization Management Measures, Confidential Information Encryption Management Standards, Employee Information Security Guidelines, Personal Information Protection Management Policy, Information Asset Management Policy, and Information Security Red Line and Code of Conduct.*

These policies form a four-tiered management system consisting of Level 1: overarching requirements, Level 2: management policies, Level 3: operational procedures, and Level 4: operational records. This framework clearly defines requirements for information classification, access authorization, encrypted storage, risk assessment, and violation handling, among other key processes.



Information Security Governance Framework of Longcheer Technology

Strategy

Taking into account its business characteristics, Longcheer has elevated information security from a basic compliance requirement to a core capability that supports sustainable business development, incorporating it into the company's overall strategic planning.

At the strategic level, the company follows the information security principle of "proactive prevention, timely detection, rapid response, and assured protection." It focuses on strengthening capabilities in key areas such as supply chain data security, internal production and testing data protection, and business continuity assurance, thereby systematically enhancing information asset protection and secure service delivery.

Data Security Risk and Opportunity Analysis

Category	Description	Impact Cycle	Impact Level	Potential Financial	Actions
Risks	Core intellectual property such as design documents, schematics, and firmware flows across multiple stages in the supply chain, posing risks of data leakage.	Short-term Medium-term Long-term	High	Revenue decline	Establish a supply chain security framework: conduct security assessments for all suppliers handling design data, and clearly define data protection responsibilities in contracts. Implement data minimization and encryption: transfer only the minimum necessary data and apply encryption to design files during transmission and storage. Deploy secure design environments: use virtual desktops and controlled environments when sharing design data with customers to prevent data leakage to uncontrolled endpoints.
	Sensitive information control weaknesses may exist during production and testing processes, potentially leading to leakage of product appearance, performance parameters, and other trade secrets.	Short-term Medium-term	High	Revenue decline Increase in direct costs	Implement physical and network segmentation management: enforce strict isolation and access control across R&D, testing, and production areas, and establish secure network domains. Strengthen full-process monitoring: assign asset tags to R&D machines and testing equipment, track usage, and prohibit unauthorized external interfaces while monitoring all data export activities. Enhance personnel management: require confidentiality agreements for personnel in sensitive positions, conduct targeted training, enforce strict permission controls, and prohibit use of removable storage devices.
Opportunities	As brand customers and partners impose increasingly stringent information security requirements, information security is evolving from a "cost item" into a core competitive capability. Building strong security capabilities can become a key factor in securing high-end orders.	Long-term	High	Revenue growth	Continuously establish and maintain an information security management system compliant with ISO/IEC 27001:2022. Implement risk-based approaches to systematically identify, assess, and manage risks across areas such as supply chain security, production line data protection, and internal operations. Provide a framework-based assurance for information security policies, control measures, and governance effectiveness.

Risk and Opportunity Management

Management Process

The company has established a full-cycle risk management process covering identification, assessment, continuous monitoring, and improvement, ensuring the security and compliance of information and data throughout their entire lifecycle.

Identification

The company organizes at least one dedicated risk assessment annually to systematically review information assets, including hardware, software, data, documents, and related personnel. Under the guidance of the Information Security Department, each department prepares an Information Asset Inventory and a Key and Sensitive Information Inventory. Leveraging technical tools such as internet asset discovery, vulnerability scanning, penetration testing of business systems, and project classification management, the company proactively identifies potential risks in areas including supply chain data flows, internal production and testing environments, critical business systems, and personal data processing. Meanwhile, as customer security standards continue to evolve, the company recognizes the enhancement of information security capabilities as a key development opportunity.

Assessment

During the assessment phase, the company evaluates data assets based on the three dimensions of confidentiality, integrity, and availability (CIA). Important or sensitive information is included in the Risk Assessment and Treatment Register for focused analysis. The evaluation considers information value, internal vulnerabilities, external threats, and existing control measures to identify potential risks across different carriers and business scenarios. A risk model is applied to quantify risk levels and generate a prioritized risk list.

Continuous Monitoring and Improvement

Upon completion of risk assessment and confirmation by departmental information security officers and heads, outputs such as the Information Asset Inventory and *Key and Sensitive Information Asset Inventory and Risk Assessment Register are generated. For identified medium- to high-risk items, an Information Security Risk Treatment Plan is formulated*. Relevant departments implement remediation measures and submit a *Second-Round Risk Assessment and Treatment Report* for verification, ensuring effective risk mitigation and closed-loop management.

On a routine basis, the company continuously validates the effectiveness of control measures through monthly internal inspections, annual ISO 27001 external audits, backup and recovery drills, and Information Security Incident Response Processes (IRP). By dynamically updating risk registers and control measures, the company promptly reflects changes in regulations, business models, and information technologies, continuously improving the maturity of information security and privacy protection management, while transforming security capabilities into a core competitive advantage supporting long-term development.

End-to-End Information and Privacy Management

Longcheer has established a privacy management system covering the entire data lifecycle. In strict accordance with ISO 27001 standards, security management is embedded into every stage of data processing, including collection, transmission, storage, use, and destruction. Through data classification, access control, and encryption technologies, the company ensures end-to-end protection of user privacy across business processes, achieving zero major data breach incidents during the reporting year.

Institutionalized Processes

The company has established a comprehensive information security policy framework, clearly defining responsibilities across the full data lifecycle—from generation to destruction. Tailored to different business scenarios, policies such as the *Personal Information Protection Management Policy, Data Lake Ingestion Management Policy, Data Sharing Management Policy, and Confidential Information Classification and Authorization Management Measures* have been implemented. In 2025, the company introduced the *External Audit Information Control Rules for the Marketing System* as a supplementary appendix, ensuring that data processing activities are lawful, legitimate, and necessary.

Refined Technical Protection

Advanced technical measures—including data encryption, anonymization, log auditing, and dynamic data masking—are applied to strengthen the protection of databases and application systems. A strict access control model is enforced to prevent unauthorized access and ensure the confidentiality and integrity of data during storage and use.

Normalized Operations

The company regularly conducts privacy compliance training to enhance employees' awareness of information security. In addition, an emergency response mechanism is in place to monitor potential risks in real time and respond swiftly.

Longcheer Information and Privacy Management

Classification and Identification	Personal information (classified into three categories) and confidential corporate information (classified into three levels) are clearly defined and categorized.
Collection and Processing	Adheres to the principles of legality, legitimacy, necessity, and good faith, with data collection limited to the minimum required scope and subject to prior notification obligations.
Storage and Protection	Employs encryption, de-identification, and backup measures, alongside strict access control and approval procedures to ensure data security.
Incident Response and Handling	Establishes contingency plans for data breaches and a formal incident response process, defining reporting, remediation, and investigation mechanisms.

Information Security Technical Protection and Operational Assurance

The company is committed to strengthening its security foundation through technological measures to ensure stable and continuous business operations.

In terms of data backup and disaster recovery, the company has established a tiered backup strategy based on the impact of information systems and hardware on business continuity. This framework comprehensively covers key assets such as core business systems, servers, networks and security equipment, and databases, with differentiated backup frequency, retention periods, and recovery objectives defined for each tier.

To ensure backup effectiveness and rapid recovery in the event of disruptions, the company conducts regular backup and recovery drills to verify data integrity, the reliability of recovery processes, and the achievement of recovery time objectives. In 2025, we completed a backup data validation drill for document data, with results confirming that restored data was accessible and intact.

At the level of business continuity management, the company has developed dedicated continuity strategies and plans for critical IT systems and continuously strengthens disaster prevention and emergency response capabilities through regular drills.

In addition, the company extends its security requirements to the supply chain. During the procurement of third-party software, it thoroughly evaluates vendors' qualifications and information security capabilities, while clearly defining data protection responsibilities and penalties.

Information Security Audit

The company has established an integrated internal–external, continuous-cycle audit, supervision, and improvement mechanism to drive the ongoing enhancement of information security management and compliance performance.

In terms of compliance audits, the company conducts monthly internal compliance reviews with varying focus areas in accordance with its internal audit plan. The company has maintained certification under the ISO/IEC 27001 Information Security Management System since 2018 and successfully upgraded to the ISO/IEC 27001:2022 standard in 2024, with annual surveillance audits conducted thereafter. In 2025, the company successfully passed the external surveillance audit, demonstrating continued alignment with international standards.

For routine supervision, the Information Security Department is responsible for auditing personal data processing activities and investigating reported violations. Identified issues are assigned to responsible departments for rectification within a defined timeframe, ensuring closed-loop management. To encourage internal oversight, the company has established confidential and non-retaliatory whistleblowing channels, including dedicated internal reporting channels and anonymous feedback mechanisms, providing employees with safe and reliable ways to report concerns. In addition, the company conducts annual intrusion detection assessments on critical systems by independent third-party institutions.。

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Information Security Culture Development

Longcheer has established a differentiated information security culture framework tailored to the relevance of specific roles to information security:

For new employees: Information security is incorporated into onboarding training to strengthen employees' understanding of data classification, confidentiality requirements, and personal data processing responsibilities.

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For all employees: The company organizes cybersecurity awareness initiatives—such as activities during Information Security Month, including phishing email identification exercises—to enhance employees' ability to recognize and prevent cyberattacks and data leakage risks. Through a combination of routine and targeted training, the company ensures effective implementation of its information security and privacy protection policies.

Annual Progress and Targets

Unified Identity Authentication System

During the reporting period, the company completed Phase II of its Identity and Access Management (IAM) system, optimizing permission models and enabling Single Sign-On (SSO) and refined access control across systems, further strengthening access management for sensitive information.

Cross-Department Collaboration Mechanism

In 2025, the company formed integrated teams across business units and IT departments, as well as a Requirements Management Team (RMT). Through full lifecycle project review mechanisms, it enhanced alignment and collaboration between business objectives and IT implementation.

Project Risk Management Mechanism

In 2025, based on the requirements of global key customer projects and NDA agreements, the Process and IT function established a project classification and grading management mechanism, developed project security risk maps, and implemented targeted control measures.

Employee Awareness Training

Information security training coverage for new employees reached 100%.

During the reporting period, the company reported no major information security incidents or customer data privacy breaches.

03

Environmental: Sustainability

Longcheer attaches great importance to environmental impact management throughout the entire production and operation process. Focusing on key issues including climate change response, energy and water resource utilization, pollutant emissions, waste treatment, and circular economy, the company systematically advances green manufacturing and clean production. The company continuously optimizes process flows and equipment efficiency, strengthens environmental compliance management and emission control, and drives improvements in resource utilization efficiency and reductions in carbon emission intensity. Meanwhile, the company extends environmental management concepts to product design and supply chain segments, committed to achieving continuous environmental improvement and long-term value creation while ensuring stable business development.

Supporting SDGs

Our Targets

- The company's general solid waste recycling rate remains stable at **90%** (± 3%)
- Using 2023 as the baseline year, the company targets at least a **3%** annual reduction in greenhouse gas emission intensity
- Using 2023 as the baseline year, the company targets a **3%** annual reduction in water use (m^3 per 10,000 units) over the next five years.

Our Progress

- Annual solar power generation: **396.43** million kWh
- Total annual electricity savings: **742.57** million kWh
- Total annual water savings: approximately **20,200** metric tons
- Proportion of manufacturing bases passing ISO 50001 audit: **100%**
- Proportion of operating sites with ISO 14001 certification: **100%**
- **No incidents** of penalties for violations of environmental laws and regulations occurred during the reporting period
- During the reporting period, water consumption per unit of product **met** the established target
- During the reporting period, the recycling rate of general solid waste **remained** at the target level

Tackling the Climate Change

Governance

Under its ESG governance framework and management procedures, Longcheer exercises oversight and management of climate change-related risks and opportunities. The Board incorporates climate-related matters as specific agenda items, regularly obtains relevant information, and discusses and reviews the company's work on climate risks and opportunities.

The company has established climate-related risk management processes and mechanisms, encompassing a comprehensive governance and oversight system spanning the strategic, management, and executive levels, to ensure effective implementation of climate-related management arrangements within the organization.

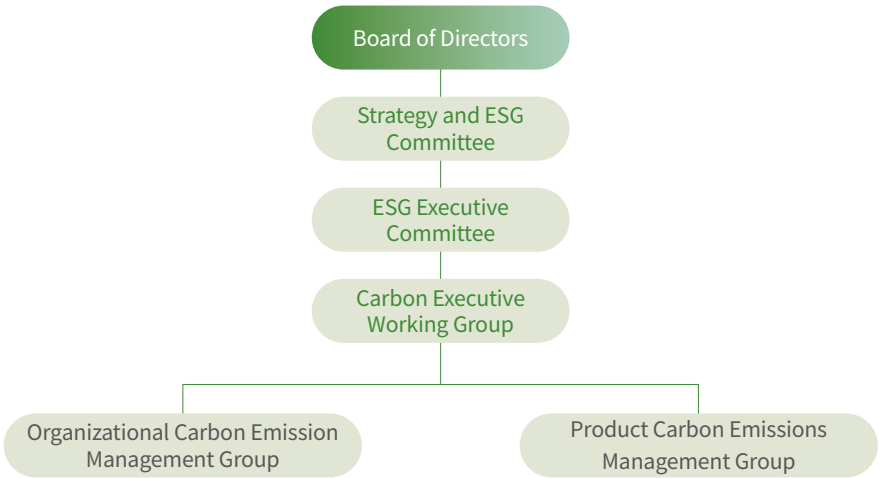
The Board of Directors makes strategic decisions on climate change and bears ultimate responsibility.

The Strategy and ESG Committee makes decisions on major climate change matters, promotes internal resource coordination, and regularly receives specialized reports from the ESG Executive Committee.

The ESG Executive Committee is responsible for coordinating the formulation and implementation of company environmental policies, objectives, and action plans, and promoting the implementation of work arrangements on climate change and other issues.

The Carbon Executive Working Group, established under the ESG Executive Committee, is responsible for the specific execution of climate change and carbon management work, and reports progress to the ESG Executive Committee through bi-monthly meetings.

Additionally, the company actively explores mechanisms linking climate change to management operational performance assessments. Currently, a relevant working mechanism has been established at Huizhou Base, where energy conservation and consumption reduction targets are incorporated into the base management's operational performance assessment system, with energy-saving cost reduction and per-unit OBC energy consumption indicators set, accounting for 15% of total performance. Going forward, the company will roll out this assessment mechanism across the Group based on the experience at Huizhou Base at an appropriate time.



Longcheer Climate Governance Structure

Strategy

In accordance with the *International Financial Reporting Standard S2—Climate-related Disclosure*（IFRS S2）, the company conducts systematic identification of climate change risks and opportunities related to its own operations, and continuously refines relevant response arrangements based on identification results to support long-term sustainable development.

Longcheer categorizes climate-related environmental risks into two types: transition risks arising from the low-carbon economic transformation, and physical risks directly or indirectly triggered by climate change. Taking into account the company's business characteristics and industry context, and referencing China's "carbon peak by 2030, carbon neutrality by 2060" goals, the company further classifies the impact horizons of climate risks and opportunities into short-term (1 year), medium-term (1–5 years), and long-term (over 5 years) to align management and decision-making needs across different time dimensions.

The company employs scenario analysis tools, referencing the International Energy Agency's Net Zero Emissions by 2050 Scenario, to analyze market risks that may arise within its operational scope. The analysis focuses on potential impacts including energy supply stability, operational cost fluctuations, and product demand volatility, thereby deepening understanding of risks and opportunities under different climate scenarios and providing a basis for relevant strategy formulation.

Longcheer Climate Change Risk and Opportunity Analysis

Risk Analysis	Physical Risk						
	Risk Categories	Risk description	Financial Impact	Impact Cycle	Impact Level	Affected Value Chain	Risk Mitigation Actions
	Acute	Acute extreme weather events (such as heavy rainfall, typhoons, and floods) may directly disrupt the company's production facilities, logistics, and delivery arrangements, potentially leading to operational interruptions or delays in product delivery, thereby adversely affecting its operating revenue.	Decline in Revenue	short-term Medium-Term long-term	Medium	Internal Operations	Develop emergency drill programs and establish detailed business continuity plans and disaster response procedures for high-risk operational sites. Optimize risk transfer and financial protection mechanisms by comprehensively reviewing and enhancing property insurance programs to ensure adequate policy coverage.
		Extreme weather events may pose threats to employee health and cause damage to the company's property, including buildings, equipment, and inventory.	Increased Costs	Medium	Medium	Internal Operations	Develop emergency drill programs and organize regular drills for employees. Prioritize equipment upgrades in operational areas located in high-risk zones.
		Extreme weather events may affect the production, transportation, and supply stability of raw materials, and, when combined with market fluctuations, could lead to raw material shortages or price increases, thereby adversely impacting product delivery capacity.	Increased Costs Decline in Revenue	Medium to Long Term	Medium	u'p	Diversify raw material suppliers and assess their stability to mitigate the risk of supply disruptions. Optimize procurement and inventory management, and adjust raw material supply strategies in response to market conditions and climate-related risks.
	Transition Risk						
	Compliance	Failure to promptly identify customer requirements and regulatory environmental standards may result in products that do not meet customer expectations or comply with applicable regulations.	Decline in revenue	long-term	Medium	Internal Operations	Regularly track customer environmental requirements and applicable regulations to ensure that relevant requirements are identified and communicated prior to product design and production. Incorporate identified environmental requirements into internal management standards and production processes, and ensure effective implementation through communication and training.

	Opportunity						
	Categories	Opportunity Description	Financial Impact	Impact Cycle	Impact Level	Affected Value Chain	Opportunity mitigation actions
Opportunity Analysis	Technology	By introducing high-efficiency production equipment and optimizing process workflows, energy consumption is reduced, energy utilization efficiency is improved, and carbon emissions are lowered.	Cost reduction	long-term	High	Internal Operations	Integrate equipment energy consumption into routine management requirements, and establish monitoring and evaluation mechanisms to enhance energy efficiency management. Continuously reduce equipment energy consumption, improve production efficiency, and lower carbon emissions by optimizing process workflows and iteratively upgrading equipment.
	Market	With increasing market demand for low-carbon products, the company leverages its strengths to develop green-designed and high-energy-efficiency products, aiming to expand market share and attract customers.	Increase in revenue	Medium to long term	Medium	Internal Operations	Promote the development of green-designed and high-energy-efficiency products by integrating low-carbon technologies with product innovation to meet market demand. Strengthen the promotion of low-carbon products and communication with customers to increase market share and enhance the brand's image in sustainable development.
	Management	Enhance resilience to extreme weather events, strengthen supply chain and operational flexibility, ensure continuity of production and delivery, and reinforce customer trust and long-term partnership stability.	Increase in revenue	long-term	Medium	Internal Operations	Strengthen the responsiveness of production and logistics operations to extreme weather events to ensure operational continuity. Establish resilience assessment mechanisms for key suppliers and internal operational processes to enhance the ability to cope with climate-related disruptions.

*During the reporting period, the company conducted a quantitative assessment of the current financial impact of opportunities and mitigation measures related to energy-saving technological upgrades. The expenses for energy-saving projects amounted to RMB 1.3231 million, achieving electricity savings of 7.4257 million kWh and reducing electricity costs by approximately RMB 4.6782 million. Based on actual business conditions, the company conducted a prudent assessment of climate change-related risks and opportunities, concluding that the topic of "addressing climate change" is of high material significance. However, given the current business structure and operational model, its direct impact on the company's near-term financial performance is relatively limited. At the same time, due to factors such as changes in external policy environment, evolution of technological pathways, and fluctuations in energy prices, the related financial impact remains subject to uncertainty and is currently difficult to quantify reliably. Therefore, the company primarily conducts qualitative assessments of potential future financial impacts, while continuously strengthening mitigation and management through measures such as energy-saving technological upgrades, photovoltaic power generation, and improvement of energy utilization efficiency. In the future, the company will continue to assess and, as data and business development allow, enhance the depth and comprehensiveness of quantitative analyses of climate-related financial impacts.

Impact, Risk and Opportunity Management

Longcheer identifies key risk elements, relevant responsible departments, and stakeholders to conduct categorized assessments of various risks and opportunities, clarifying their potential impact on corporate operational objectives. The company organizes functional departments and management teams to regularly review the business environment and operational conditions, and analyze climate change-related risks and opportunities. Based on identification and assessment results, relevant risk control measures and opportunity management requirements are incorporated into daily operational processes to guide the formulation and management of sustainability plans.

In alignment with business characteristics, the company establishes sustainability goals covering short, medium, and long-term horizons, and decomposes these goals to departments and production factories to drive implementation. Meanwhile, the company has formulated and implemented the Carbon Target Management Regulation in accordance with internal and external requirements such as the Environmental Protection Law of the People's Republic of China, Measures for the Administration of Enterprise Environmental Information Disclosure, and the ISO 14064 series standards, providing institutional support for climate-related risk and opportunity management and ensuring the orderly advancement of sustainable development strategy.

Energy Structure Optimization and Energy Conservation Practices

In 2025, each base advanced multiple energy conservation and optimization measures based on local conditions. Certain of them have deployed distributed photovoltaic power generation systems, with photovoltaic power accounting for 1.85% of total consumption, and promoted energy structure optimization through clean energy procurement and other means.

The company implements energy conservation and emission reduction measures at each operating base tailored to local conditions, optimizing energy structure.

Huizhou Base enhances clean energy usage through green electricity procurement and distributed photovoltaic system construction. The distributed photovoltaic project generates 3.9643 million kWh annually. Additionally, the base implemented a laboratory water-storage cooling system to replace conventional air conditioning, saving 423,200 kWh annually; and optimized line compressed air usage, saving 1.8325 million kWh annually. Total annual electricity savings reached approximately 6.22 million kWh, reducing CO_2 equivalent emissions by 379.17 tons.

Total annual electricity savings reached approximately **6.22 million kWh**

reducing CO_2 equivalent emissions by **379.17 tons**

Nanchang Base purchases green electricity and replaces partial traditional energy with natural gas. As of September 2025, cumulative green electricity purchases reached 17,511,000 kWh, with natural gas consumption of 122,285 cubic meters. The company continues advancing energy conservation projects, implementing nitrogen production managed services and SMT reflow oven cooling energy-saving technology, projected to save 5.17 million kWh annually and reduce CO_2 equivalent emissions by 315.16 tons.

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Vietnam Base continues implementing the Energy Conservation, Greenhouse Gas Emission Reduction and Climate Change Response Policy, integrating energy-saving and carbon reduction requirements into daily operations. Meanwhile, through purchasing renewable energy green certificates to support clean energy development, the base further optimizes energy structure and steadily advances low-carbon energy transition.

Climate Training and Capacity Building

Longcheer conducts training and awareness programs on climate change and energy conservation through multiple formats, continuously enhancing the understanding and response capabilities of employees and management regarding climate issues. In August 2025, the company organized a month-long energy-saving management initiative, encouraging company-wide participation. During the event, 3,290 employees participated in on-site energy-saving knowledge quizzes, generating 36 valid energy-saving improvement proposals. This initiative is carried forward on an annual basis.

Meanwhile, the company partnered with Taiwan Daywin Organization to deliver greenhouse gas general knowledge training, covering both internal employees and key external suppliers to strengthen the dissemination of climate-related knowledge across the value chain. The company also conducts ongoing management training on climate change topics. In December 2025, the company organized ESG-themed training, with content covering carbon emission reduction management requirements.

Metrics and Targets

While balancing production, operations, and corporate development objectives, Longcheer has undertaken systematic planning of its energy utilization and emissions reduction pathways, using 2023 as the baseline year, and continues to advance energy conservation and emission reduction initiatives. Through a combination of technological improvements and management measures, the company has steadily reduced energy consumption intensity and, on this basis, established its "30/50" carbon targets—aiming to peak carbon emissions from its own operations by 2030 and achieve carbon neutrality at the operational level by 2050[1].

The group has set a synchronized target for renewable energy usage: taking 2023 as the baseline, it plans to achieve a renewable energy share of no less than 45% by 2030. As of the end of the reporting period, the group's renewable energy usage accounted for 22.85%, including a photovoltaic installed capacity of 3.51 MW, corresponding to an energy usage share of 1.85%, and green electricity accounting for 21% of total energy use.

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[1]The company's "30/50" carbon targets cover Scope 1 and Scope 2 emissions.

2021	2030	2040	2050
Incorporating Carbon Emissionsinto the Company's Pilot Planning	Peak carbon emissions ofthe company	Achieve carbon neutralitygoals in certain areas.	Achieve the company's operationacarbon neutrality goal
Formulate the company’ s emission reduction targets in accordance with the "14th Five-Year Energy-Saving Plan" ImplementIS0 50001 and IS0 14064 energy-related management systems Introducing a smart energy management system	Plan to have no less than45% renewable energyshare Steadily advance the transformation of high energy-consuming equipment in key areas to Level l energy efficiency	Plan to have no less than60% renewable energy share Invest in carbon capture technology	

Lonecheer's Zero-Carbon Strategy Plan

In 2025, the company’ s total Scope 1 and Scope 2 emissions decreased by 6% year-on-year. The combined emissions intensity of Scope 1 and Scope 2 was 2.38 tonnes of CO_2e equivalent per million of operating revenue, representing a year-on-year decrease of x%..

This year, the company conducted its inaugural Scope 3 carbon emission inventory. Moving forward, while consolidating existing emission reduction achievements, it will progressively advance Scope 3 carbon management. Furthermore, the company plans to achieve value chain-wide carbon neutrality in phases based on actual circumstances.

2025 GHG Data of Longcheer Technology[2]	
Scope 1	4,463.16 tCO_2e
Scope 2 (Market-Based)	95,954.13 tCO_2e
Scope 2(Location-Based)	101,197.92 tCO_2e
Scope 1 and Scope 2 Emissions (Market-Based)	100,417.29 tCO_2e
Carbon emission intensity from own operations (market-based)	2.38 tonnes of CO_2e equivalent per million of operating revenue
Scope 3	1,518,920.28 tCO_2e

[2]Verification Criteria:
ISO 14064-1:2018Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard
ISO 14064-3:2019Greenhouse gases — Part 3: Specification with guidance for the validation and verification of greenhouse gas statements

Mitigating Environmental Impact

Environmental Compliance Management

Governance

Longcheer has established an organizational structure for environmental management, wherein the primary factory management and administrative heads assume decision-making responsibilities for environmental matters. The environmental management department is responsible for management and oversight functions, while production departments and auxiliary departments serve as implementing units, responsible for executing specific environmental management requirements and maintaining continuous control over factory environmental management.

The company conducts environmental compliance management in accordance with applicable environmental laws and regulations in its operating jurisdictions, adhering to the *Environmental Protection Law of the People's Republic of China,* the *Air Pollution Prevention and Control Law of the People's Republic of China,* the *Noise Pollution Prevention and Control Law of the People's Republic of China*，*and other relevant legal requirements in operating locations to carry out environmental management activities.*

Regarding management system development, Longcheer has built an integrated management system covering environment, hazardous substances, and energy management, based on ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and IECQ QC080000 Hazardous Substance Process Management System standards. This system applies to the entire production and service processes of PCBA , mobile phones, tablets, smart devices, wireless charging products, and related services. Through risk identification, process control, monitoring, and data analysis, the system supports continuous environmental risk management and improvement.

The company has formulated and implemented the Environment, *Health and Safety Policy*. Management objectives are tracked and evaluated monthly. Through management system operations, internal oversight, and management review mechanisms, the company enhances the standardization and consistency of environmental management, supporting continuous improvement in environmental performance.

Strategy

The company has established a mechanism for identifying and updating environmental laws and regulations. Each factory identifies and updates applicable environmental legal provisions on a quarterly basis, with relevant updates consolidated into standalone standards. Combined with ongoing compliance assessments, no significant environmental risks were identified in past evaluation processes. Concurrently, the company regularly conducts internal environmental audits on an annual basis to review the implementation of environmental management arrangements.

Longcheer Environmental Compliance Risk and Opportunity Analysis

Category	Description	Impact Cycle	Impact Level	Potential Financial Impact	Actions
Risks	Production project quantities, capacity scales, or energy consumption levels exceed the scope approved in the Energy Assessment (EA) approval.	Short-term Medium-term	High	Increased administrative penalty expenditures.	Establish a dynamic EA tracking mechanism to regularly verify project consistency with approved parameters, and promptly initiate EA amendment applications when discrepancies arise.
	Environmental laws and regulations are becoming increasingly stringent, which leads to higher compliance expenditures for pollution control, monitoring, and facility upgrades	Medium-term Long-term	Medium	Higher penalty costs Increased environmental capital investment Rising operational costs	Advance clean production technology upgrades, optimize end-of-pipe treatment facilities, and enhance pollutant treatment efficiency.
	Non-compliance with regulatory requirements identified during environmental inspections or audits, resulting in reputational damage.	Short-term	Medium	Decreased sales revenue Increased operational costs	Establish a normalized environmental compliance audit mechanism and enhance closed-loop management processes for issue rectification.
Opportunities	Proactively enhance environmental compliance management to qualify for green manufacturing demonstration titles and policy support.	Medium-term Long-term	High	Increased policy subsidy income Reduced income tax expenses	Benchmark against industry-leading environmental standards, pursue green factory certification, and secure environmental special funds and tax incentives.

Impact, Risk and Opportunity Management

Environmental Emergency Management

The company has established emergency management arrangements for environmental incidents, conducting coordinated deployment based on identified environmental risks, and continuously testing and optimizing these arrangements through ongoing emergency drills. The company has formulated and filed the *Emergency Response Plan for Sudden Environmental Incidents,* while each operating region has developed corresponding environmental emergency management documents based on local operational conditions.

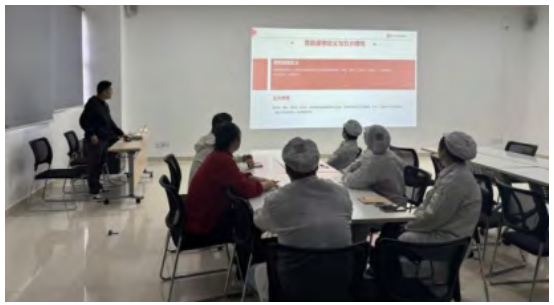
The company has established a dedicated emergency response team and conducts regular emergency drills. In 2025, all operational areas systematically implemented the annual emergency drill plan, carrying out two chemical spill drills, two fire emergency drills, and one natural gas leak drill throughout the year.

fire emergency drills	natural gas leak drill throughout the year
2	1

Environmental Awareness Development

The company integrates environmental protection requirements into its employee training system, conducting multi-level, multi-format environmental training and awareness programs focused on key environmental management priorities in production operations. New hires must complete three-tier safety and environmental training to systematically master basic safety and environmental requirements. During employment, employees participate in specialized environmental training tailored to their positions, with two environmental-specific training sessions arranged annually.

In 2025, each operating base advanced targeted training arrangements based on its business characteristics. Huizhou Base and Vietnam Base conducted specialized training on hazardous waste management, where department liaisons received centralized training before further disseminating the information to their respective department employees. Nanchang Base regularly organized environmental training sessions, focusing primarily on on-site environmental control requirements, mainly covering environmental management related to auxiliary material storage areas.



Hazardous Waste Management Training

Metrics and Targets

The company establishes annual environmental management indicators and targets, monitoring implementation through a monthly tracking mechanism to support the orderly advancement of relevant objectives. The company has obtained ISO 14001 Environmental Management System certification. During the reporting period, the company received no administrative penalties for environmental issues, and no major environmental incidents occurred.

Strengthening Energy Efficiency Management

The company promotes clean production initiatives centered on energy conservation, consumption reduction, and resource efficiency improvement, and conducts energy management in combination with actual production and operational conditions. By establishing energy-saving management organizations and supporting systems, the company standardizes energy use management and drives the implementation of energy-saving measures in production processes.

The company has established an energy-saving management organization comprising an Energy Conservation Leading Group and an Energy Conservation Working Group. The base manager serves as the top executive of the Energy Conservation Leading Group, with the Human Resources System Director as deputy leader. The Energy Conservation Working Group consists of relevant departments including the Human Resources System, Manufacturing System, Financial System, and Procurement System, responsible for energy conservation project advancement, technical transformation plan evaluation, corrective measure formulation, and energy conservation work inspections.

The company has formulated and issued multiple energy management-related policy documents, including the *Energy Management Program Control Procedure, Energy-Related Control Procedure, Energy Monitoring, Measurement and Analysis Control Procedure, Operational Control Management Procedure, Energy Monitoring and Measurement Instrument Control Procedure, Target Energy Indicator Performance Parameter Benchmark Control Procedure, and Energy Review Management Procedure*, to standardize energy management-related processes. Longcheer conducts energy management work in accordance with the ISO 50001 energy management system operational mechanism.

In 2025, the company completed ISO 50001 audits covering all three major manufacturing bases, achieving 100% coverage. During the reporting period, each base continued to advance energy-saving target planning, promoting energy conservation and consumption reduction around key indicators including product output value, comprehensive energy consumption per 10,000 yuan of output value, and energy savings.

The Huizhou Base continues to advance energy-saving and consumption-reduction initiatives. In 2025, the planned comprehensive energy intensity was 3.98 kgce per 10,000 yuan, while the actual achieved value was 3.67 kgce per 10,000 yuan, exceeding the target and resulting in energy savings of 345 tce, further improving energy utilization efficiency.

The Nanchang Base continues to strengthen energy management. In 2025, the planned comprehensive energy intensity was 20.48 $kgCO_2e$ per 10,000 yuan, while the actual achieved value was 14.82 $kgCO_2e$ per 10,000 yuan, significantly surpassing the target and continuously improving energy utilization efficiency.

The Vietnam Base achieved stable production in 2025 and simultaneously advanced energy management from the initial start-up phase. The comprehensive energy intensity was 15.35 $kgCO_2e$ per 10,000 yuan, with overall operations maintaining a good level of energy efficiency.

Building upon the institutional system and management mechanisms, the company advanced digitalization of energy management by constructing an intelligent energy and carbon management platform. The platform leverages IoT and sensor technologies to collect and monitor energy consumption data including electricity, water, and steam throughout the entire production process, establishing data transmission and verification mechanisms to ensure data timeliness and integrity. The platform integrates office terminal and mobile applications, achieving integrated energy data query, analysis, and management functions, supporting management personnel in real-time monitoring of energy consumption dynamics. Phase I of the energy management platform has been launched and is operational at the Huizhou base, centrally collecting company energy data.

Regarding energy use efficiency improvement, the company launched a third-party managed nitrogen project, where the investor adopts cryogenic air separation technology and professional operations to lower nitrogen supply costs. The company simultaneously implemented SMT reflow oven cooling technology transformation, utilizing water sources from the plant's refrigeration station, supplying cooling water through plate heat exchangers to meet reflow oven process requirements, replacing the original small water chillers operation mode in workshop reflow ovens.

During the reporting period, the company implemented multiple energy-saving projects, achieving a cumulative electricity savings of 7.4257 million kWh and continuously improving energy utilization efficiency. At the same time, the Huizhou facility actively promoted the use of clean energy, generating 3.9643 million kWh through photovoltaic power, further reducing conventional energy consumption and supporting green, low-carbon operations.

In daily operations, Longcheer conducted energy-saving special activities and three-level energy-saving training in 2025, and promoted energy management measures such as "paperless" office measures in daily operations.

Water Resource Utilization Optimization

The company strictly complies with laws and regulations related to water resources and water environment, including the Water Law of the People's Republic of China, the Water Conservation Regulations, and the Environmental Quality Standards for Surface Water. Water sources for all bases are municipal water supply, with no significant direct or indirect impacts on water resources due to water withdrawal, consumption, discharge, or changes in water storage volume.

Using 2023 as the baseline year, the company has set water-saving targets for the next five years, with a target of reducing water consumption per unit product by 3% annually (m^3/10,000 units), and references industry water consumption limits per unit product as management benchmarks. The company promotes water conservation management based on production and operational conditions, and in accordance with operational needs, declares annual water usage plans to local water supply departments as required each year.

The company gradually implements specific water-saving management measures based on the operational conditions of each production base. Among them, the Huizhou production base is equipped with water monitoring and metering devices for daily management, conducts regular monitoring and analysis of water usage, and improves water efficiency through various measures. The water storage cooling system at this base adopts a cyclic water use approach, with a circulating water volume of approximately 20,000 cubic meters and a recycling rate of 2.5%. Meanwhile, the base has introduced water-saving facilities and equipment such as sensor-based water-saving faucets, and carried out water balance testing. After the implementation of relevant measures, water consumption at the Huizhou production base decreased by approximately 1.2% year-on-year, saving approximately 20,200 tons of water annually. With its continuous water-saving efforts, the Huizhou production base was awarded the title of "Huizhou Water-Saving Enterprise".

As of the end of the reporting period, the company had achieved its 2025 water-saving target.

Huizhou production base

circulating water volume of approximately	recycling rate of	water consumption decreased by approximately	water savings of approximately
20,000	**2.5%**	**1.2%**	**20,200**
cubic meters			**tons**

Waste Compliance Disposal

Longcheer adheres to relevant laws, regulations, and normative documents in its waste management processes, including *the Environmental Protection Law of the People's Republic of China, the Law on the Prevention and Control of Environmental Pollution by Solid Waste, the Guangdong Province Guidelines for Hazardous Waste Identification Work, the Regulations on the Safety Management of Hazardous Chemicals, POPS (the Stockholm Convention on Persistent Organic Pollutants), and the Law on the Prevention and Control of Water Pollution of the People's Republic of China.* The company has formulated and implemented the *Three Wastes Management Regulations,* which specify control measures for waste gas, wastewater, and noise. In 2025, the company revised these regulations to explicitly include waste battery electrolyte in the scope of hazardous waste management.

To ensure effective policy implementation, the company has established a robust management framework that clearly delineates responsibilities for waste management, designates dedicated personnel for daily oversight, and drives compliance through regular inspections, monitoring, and targeted training programs. Concurrently, the company conducts environmental monitoring on schedule to ensure that waste management and disposal processes meet all applicable regulatory requirements.

In 2025, we organized environmental management-related training at various operating locations. The Huizhou and Vietnam bases conducted centralized training for department liaisons, who then disseminated the training within their respective departments. The Nanchang base provided environmental protection training for production workshops, covering waste management and other matters.

Waste Gas Management

In terms of waste gas management, the company classifies and manages waste gas generated during production processes based on pollutants such as tin and its compounds and volatile organic compounds (VOCs), distinguishing between organized and unorganized waste gas. Organized waste gas mainly includes non-methane total hydrocarbons and welding waste gas, where non-methane total hydrocarbons primarily originate from processes such as reflow ovens, maintenance rooms, stencil cleaning rooms, and battery dismantling rooms, while welding waste gas mainly comes from SMT depaneling equipment. Unorganized waste gas is primarily generated during manual welding processes.

For the aforementioned waste gas, the company collects it centrally through pipelines in production workshops, directs it to rooftop waste gas treatment facilities, and treats it using activated carbon adsorption and other methods. After testing confirms compliance with relevant emission standards, the treated gas is discharged at high altitude.

The company conducts annual waste gas emission testing to ensure continuous compliance with environmental protection requirements.

Wastewater Management

The company implements classified control for wastewater management. Factory water is mainly sourced from municipal tap water, primarily used for employee domestic water and water storage cooling system operations. Domestic water is filtered through water dispensers before use, and the resulting domestic sewage is treated through septic tank sedimentation before being uniformly discharged to municipal sewage treatment plants for centralized treatment. During production, small amounts of wastewater are generated quarterly from SMT stencil cleaning and reflow oven chain cleaning processes. This type of wastewater is collected and temporarily stored in hazardous waste transfer warehouse after collection, then transferred and disposed of in compliance by qualified third-party units.

The company conducts wastewater discharge monitoring as required, with annual testing at domestic operating locations and quarterly testing at the Vietnam base, ensuring continuous compliance of wastewater treatment and discharge with relevant environmental protection requirements.

Solid Waste Management

Longcheer implements classified management of solid waste, dividing it into general waste and hazardous waste. General waste mainly originates from production operations and daily employee activities, with general production waste including raw material packaging materials. Hazardous waste mainly includes waste organic solvents, waste engine oil, and waste light tubes. All solid waste generated by the company exists in solid form.

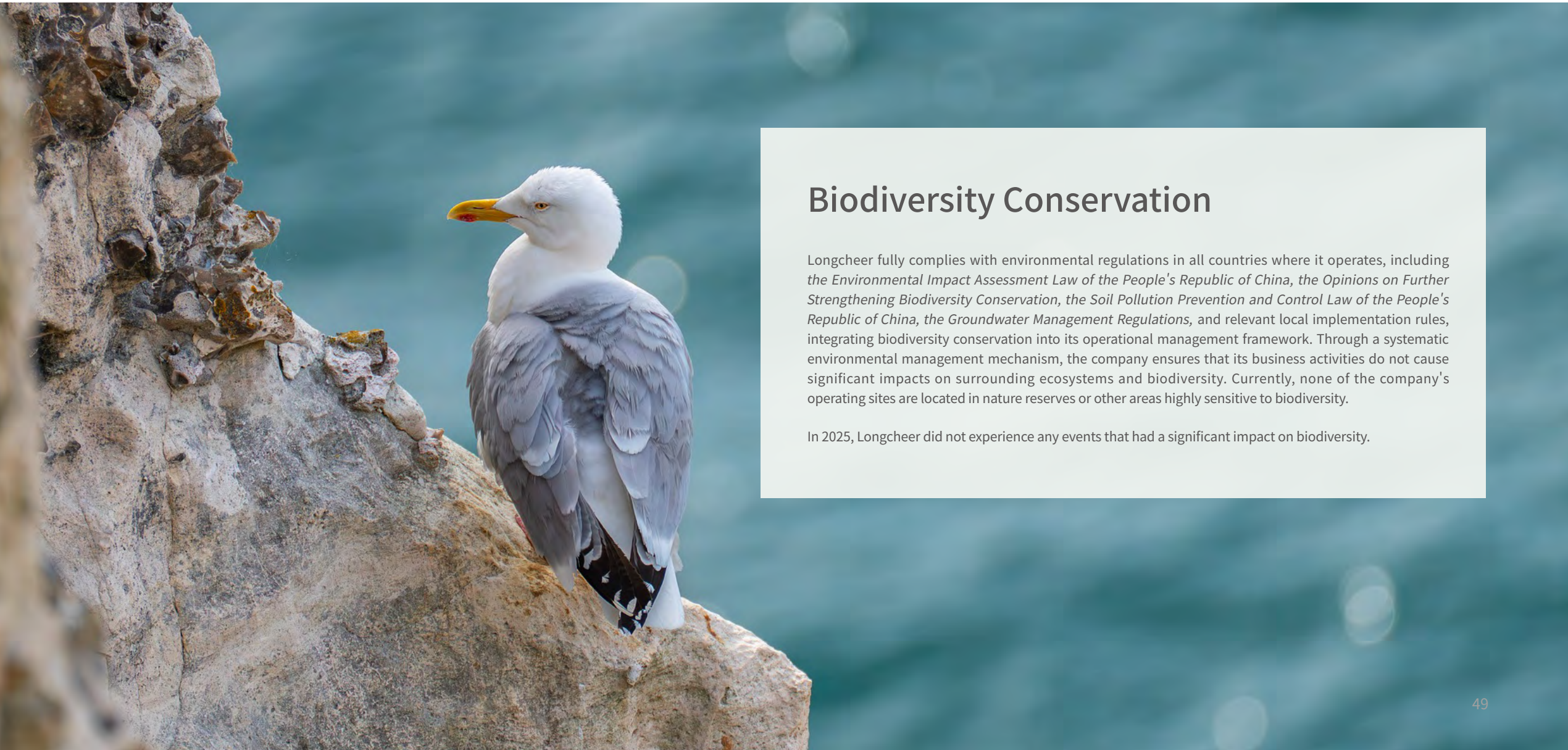
The company signs solid waste treatment and recycling agreements with qualified third-party institutions to ensure compliant disposal and resource utilization of various wastes, and regularly tracks third-party processing status.

Meanwhile, the company has set a solid waste recycling rate target of 90%±3%. To reduce the generation of hazardous solid waste, the company negotiates with alcohol and cleaning agent suppliers for the return and reuse of empty alcohol and cleaning agent containers, thereby reducing the generation of hazardous solid waste.

Noise Management

In terms of noise management, the company completed noise reduction improvement projects in May 2025. By adding silencers at exhaust vents, relocating fans from outdoors to indoors, adding soundproof cotton and soundproof panels, and replacing louvered windows at exhaust fan outlets, the company effectively reduced noise impact. Additionally, for aging workshops, the company has implemented measures such as establishing independent areas and providing appropriate labor protection equipment to reduce noise impact on the surrounding environment and employees, preventing noise diffusion.

The company conducts annual noise monitoring as required to ensure continuous compliance of noise emissions with relevant standards.



Biodiversity Conservation

Longcheer fully complies with environmental regulations in all countries where it operates, 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, the Groundwater Management Regulations,* and relevant local implementation rules, integrating biodiversity conservation into its operational management framework. Through a systematic environmental management mechanism, the company ensures that its business activities do not cause significant impacts on surrounding ecosystems and biodiversity. Currently, none of the company's operating sites are located in nature reserves or other areas highly sensitive to biodiversity.

In 2025, Longcheer did not experience any events that had a significant impact on biodiversity.

Practicing the Circular Economy

Centered on the core principles of the circular economy—Reduce, Reuse, and Recycle—Longcheer integrates sustainability throughout the product lifecycle, building a comprehensive system for resource recycling. By optimizing green manufacturing processes to reduce resource consumption and improve material efficiency, and by promoting Design for Circularity in product development, we continuously increase the use of recycled materials and product recyclability. This reduces the carbon footprint and environmental impact across the entire lifecycle, solidifying the foundation of our circular economy practices.

Green Process Innovation

Through the continuous optimization of manufacturing processes and production flows, Longcheer reduces resource intensity and improves material efficiency by eliminating unnecessary steps and material inputs, driving the production system toward higher efficiency and lower carbon emissions.

Cavity-in-Stack (CIS) Technology Drives PCB Resource Reduction

To improve material utilization efficiency, the company launched a process optimization initiative for a specific product in 2025, developing Cavity stacking technology. This technology enables embedded layout and high integration of components through precise cavity structure design, effectively saving PCB space, reducing the use of substrate materials, and achieving a reduction in resource input.

In 2025, the company also carried out multiple optimization initiatives focused on process integration and material reduction:

- Battery Cover Production: By molding the LOGO directly during the mold forming stage, we eliminated the original silk-screening process. This reduces paint usage and related pollution while simultaneously lowering processing costs.
- Metal Component Manufacturing: The company adopted an integrated forging process for mid-frame bezels, replacing the previous method of splitting parts, laser engraving, and glue dotting. This reduces part segmentation and subsequent processing steps, lowering material and process costs, as well as auxiliary material and energy consumption.
- Watch Mid-Frame Design: An innovative in-mold steel plate insert molding solution was adopted, reducing material and processing costs by approximately 10%.

At the same time, the company promoted multiple green manufacturing technologies, including low-VOC coatings and solvent-free bonding, continuously streamlining production processes and technological upgrades to further enhance production efficiency and resource utilization.

Green Product Innovation

The company has strengthened material optimization and structural innovation at the product design stage, continuously expanding the application of recycled materials. In 2025, the average proportion of PCR materials used in the structural components of a certain consumer product reached 28%, while the share of recycled materials in the casing of a certain power supply product exceeded 30%.

PCR Materials Drive Circular Use in Power Bank Housings

For a specific power bank model, the housing incorporates 30% PCR materials, reducing the consumption of virgin plastics and lowering carbon emissions during production. This material substitution enables resource reuse by diverting plastic waste from landfills back into the product lifecycle.

Complementing the eco-friendly material choice, the project employs a refined spraying process to maintain product texture and durability. The surface offers a smooth, wear-resistant feel with excellent fingerprint resistance, balancing long-term usability and aesthetic quality with green material application.

At the same time, the company continued to expand the use of recycled materials in its raw materials, enhancing the circular utilization of product materials.

For a specific power bank model, the housing incorporates

30%PCR materials

Green Innovation in Smart Glasses & SIP High-Integration Technology

A certain model of smart glasses integrates circular economy principles in its design and development, achieving green design through material reduction, extended product lifespan, and sustainable material substitution. The product employs SIP (System-in-Package) technology, enabling miniaturization and high integration of printed circuit board components while enhancing structural strength and chemical corrosion resistance. In terms of materials, high-strength, high-modulus lightweight metals and engineering plastics are used, and the assembly of flexible and rigid components is optimized to improve deformation resistance and durability, thereby extending the product’s service life. The product also incorporates plant-based materials, reducing reliance on traditional petrochemical resources and supporting the use of renewable materials and resource circularity. Through material and structural optimization and the application of high-integration technologies, the product has achieved significant reductions in resource consumption and environmental impact across its lifecycle.

The company continues to broaden the scope of recycled materials in raw components to enhance material circularity:

In a certain tablet project, PCR materials were introduced in the speaker box, front camera bracket, rear camera bracket, and left and right antenna brackets, increasing the proportion of recycled materials in structural components and reducing the consumption of virgin plastics.

The upper and lower shell structural components (SPK Box) of a certain smart glasses charging case use 50% PCR (recycled plastic) materials to enhance the product's material circularity.

In a certain laptop project, the company applied 50% recycled plastic in multiple models of key adapters. This material substitution reduces reliance on virgin plastics, lowers the risk of plastic waste entering the natural environment, and effectively decreases associated carbon emissions, thereby strengthening resource reuse practices at the raw material stage.

Meanwhile, the company promotes material reduction and plastic-free design;

A specific smartphone product achieved 0% plastic and 100% recyclability in its retail packaging.

In a certain smartphone project, a charger-free design reduced the weight of the color box from 124 g to 73 g, a 41% reduction, while its volume decreased by 49%.

For certain product, eliminating the top card pin paper saved 5% of white card material; the area and weight of full-wrap release paper were reduced by 50%; the density of pearl cotton boxes decreased from 25 kg/m³ to 16 kg/m³, reducing weight by 36%; and the domestic pallet reuse rate reached 80%.

04

Social: Sharing

Longcheer has established a systematic Social Responsibility Management System, focusing on key areas such as employee rights, occupational health and safety, training and development, customer privacy protection, product quality and safety, and supply chain responsibility.

Throughout product R&D and manufacturing, the company places great emphasis on data security and intellectual property protection. By strengthening quality management and compliance requirements, we ensure our products and services meet both customer and regulatory standards.

Furthermore, Longcheer is committed to employee growth and the development of a safe working environment. We actively encourage our supply chain partners to fulfill their social responsibilities, fostering collaboration and shared development across the entire industry chain.

Supporting SDGs

Our Targets

- Customer information security and yellow zone audit pass rate: **100%**
- **100%** completion of CSR audits under the supplier annual review plan
- Full coverage of anti-discrimination and anti-harassment training for all employees
- Prohibition of any form of child labor and forced labor
- Create an equitable and inclusive environment, foster a diverse and inclusive workplace culture, provide employment opportunities for ethnic minorities and persons with disabilities, and strive to bring together outstanding talent from diverse backgrounds and experiences

Our Progress

- Cumulative global authorized patents: **770**
- Female representation in revenue-generating functions: **53.28%**
- **100%** of qualified suppliers have signed the *Supplier Corporate Social Responsibility Agreement*.
- Anti-discrimination and anti-harassment training coverage in 2025: **100%**
- **0** incidents of child labor and forced labor in 2025
- In 2025, the company provided employment opportunities for **139** persons with disabilities and **1,443** colleagues from ethnic minorities, striving to create a diverse and inclusive workplace environment and culture

Creating Satisfied Customers

Innovating Product Technology

Guided by our mission to "Create Values Through Technology," we have established an innovation strategy system centered on "Green Leadership, Intelligent Upgrading, and Value Sharing." By continuously increasing R&D investment, strengthening technological reserves, and optimizing innovation mechanisms, we are committed to driving industrial progress through high-level technological innovation, thereby assisting the smart terminal industry in achieving higher quality and more sustainable development.

Management	We continuously optimize our R&D organizational structure and establish end-to-end management mechanisms across business units to strengthen business closed-loop operations and accountability.
Processes	We continuously refine our Integrated Product Development (IPD) processes, building a comprehensive system for product R&D and full lifecycle management covering multiple fields such as consumer electronics and automotive electronics, thereby enhancing R&D efficiency and quality control.
Technology	Through regular weekly and bi-weekly meetings, we systematically review and manage key R&D topics to align technical roadmaps and facilitate forward-looking planning.

Governance

Longcheer has established a three-tiered, interconnected R&D management system comprising "Decision-Making, Execution, and Support." The decision-making level is responsible for strategic direction and industry trends; the execution level acts as an efficient combat unit to implement projects; and the support level provides resources, platforms, and logistical backing. This structure forms a clear division of responsibilities and collaborative governance framework.

Strategy

Risk and Opportunity Identification

The company systematically identifies risks related to innovation-driven initiatives and formulates response strategies. By establishing a forward-looking analysis and judgment mechanism, we continuously optimize our R&D system, thereby injecting sustained momentum into corporate innovation.

Longcheer Product and Technology Innovation Risk and Opportunity Analysis

Category	Risk/Opportunity Description	Impact Cycle	Impact Level	Potential Financial Impact	Actions
Risk	The scope of the EU Carbon Border Adjustment Mechanism (CBAM) expands, imposing mandatory requirements on product carbon footprints. The company faces pressure to transition towards green R&D.	Medium-term	High	Increased R&D expenses Rising carbon-related costs	Integrate green design concepts into the R&D process, continuously conduct full lifecycle carbon footprint assessment and optimization, and promote products to meet international environmental standards.
	Intensifying competition for top talent in the technology sector, with a significant gap and turnover risk for core R&D talents in cloud computing, AI algorithms, etc.	Short-term Medium-term	High	Rising labor costs	Systematically strengthen the attraction and retention of core talents by improving the "recruitment, selection, utilization, and retention" system, expanding university-industry collaboration channels, and implementing differentiated incentives and dual career paths.
	Growth in patent litigation cases in global semiconductor and other fields, leading to a more complex intellectual property environment and higher legal risks for R&D decisions.	Short-term Medium-term	Medium	Increased legal fees Potential increase in compensation expenses	Rely on the *Intellectual Property Risk Management Standards* and normalized infringement investigation mechanisms to implement patent early warning and avoidance during the R&D project initiation and product design phases, thereby reducing infringement risks.
Opportunity	By connecting the decision-making chain of "Strategic Planning – Technology Planning – Technology Pre-research," systematically enhance technological perception and identification capabilities, providing forward-looking guidance for core technology development.	Medium-term Long-term	High	Improved R&D efficiency Long-term profit improvement	Establish a closed-loop technology management system from strategy to execution, regularly conduct technology roadmap reviews and pre-research project incubation to ensure precise resource allocation.
	The continuous evolution of AI large model inference-side technology is expected to drive a new wave of industrial technological revolution and product innovation breakthroughs.	Medium-term Long-term	High	Increased revenue share from new products Sales revenue growth	Develop and implement multiple AI applications, continuously invest in R&D for AI-product integration, and promote the large-scale application of intelligent functions in end products.
	Deepening industry-university-research collaboration with universities can accelerate core technology breakthroughs and outcome transformation through resource sharing and joint talent cultivation.	Medium-term Long-term	Medium	Shared R&D costs	Continue to advance collaborations with multiple universities on joint laboratories, training bases, and special research projects, building a collaborative innovation mechanism of "shared R&D, shared outcomes."

Risk and Opportunity Response

Innovation Resource Allocation

To ensure the continuous execution and strategic implementation of R&D and innovation activities, the company systematically plans and dynamically adjusts the allocation of innovation resources to support sustained, high-efficiency R&D operations.

Financial Investment: The company formulates an annual budget for the upcoming year based on business objectives during the year-end, with quarterly rolling adjustments to ensure dynamic alignment between resource input and business needs.

Equipment Capability Development: The company continuously renovates and upgrades existing R&D equipment to meet the testing and debugging requirements of cutting-edge technologies. Technical expert reviews are organized prior to the procurement of major equipment to ensure the advancement and applicability of equipment selection.

Supplier Management: The company maintains a diversified supplier resource pool comprising leading domestic and international manufacturers for similar types of equipment, fostering a healthy resource supply ecosystem. All specialized equipment is operated by personnel who have undergone systematic training and passed competency assessments, ensuring standardized and efficient operation.

Currently, Longcheer has established comprehensive testing and calibration capabilities covering RF, antenna, EMC, baseband, audio, and reliability across all product categories. Our equipment and solutions are applied to a wide range of products, including smartphones, tablets, smart glasses, AIoT devices, AI PCs, and automotive electronics.

Continuous Innovation and Breakthroughs

In terms of product innovation, Longcheer continuously drives product innovation and functional upgrades based on market demands and technological trends. It has achieved key technological breakthroughs and established a differentiated product portfolio, building multi-dimensional market competitiveness.

In the notebook sector	Longcheer completed the full independent software and hardware development of its first product based on the Qualcomm Snapdragon 8 Elite platform, laying a solid foundation for itself in the high-end flagship device market.
In the smart wearables sector	Longcheer achieved multiple process and solution innovations and optimizations for highly integrated modules, which have successfully entered mass production.
In the smartphone sector	Longcheer optimized indicators such as drop resistance and waterproof rating for its smartphone products through iterative structural design and material technology, more precisely meeting the diverse needs of end-users.
In the automotive sector	Longcheer pioneered the introduction and mass production of a TEC + active cooling wireless charging solution. This solution employs a dual-effect thermal management architecture combining "semiconductor refrigeration + air cooling," significantly reducing the temperature rise of the charging panel through active heat management. It effectively adapts to high-temperature in-vehicle operating conditions, enhancing cabin safety and durability. Simultaneously, the company completed the full-stack independent development of a detachable automotive control screen. Based on highly integrated hardware design ensuring reliable operation in harsh environments, it achieves deep integration between the control screen and the in-cabin system through cross-domain software technology.
In the smart glasses sector	Longcheer has gradually developed comprehensive solution capabilities in areas such as low power consumption for extended battery life, intelligent voice recognition, image processing, and data transmission between devices.

Currently, Longcheer has established an innovation system covering products such as smartphones and smart tablets, continuously promoting the market-oriented and scenario-based application of its technologies.

In terms of process innovation, Longcheer has significantly enhanced product integration, performance, and reliability by introducing and optimizing advanced processes such as System-in-Package (SiP). In 2025, Longcheer successfully developed two SiP modules for smart glasses for the first time.

AI-Enabled Innovation

The company is actively driving the deep integration of artificial intelligence technologies into core business processes such as R&D, production, and testing. By building a unified intelligent platform and deploying multiple automation solutions, we are systematically enhancing operational efficiency, quality control, and innovation capabilities

In 2025, the company launched the "AI Yunfan Smart Platform", achieving a 90% coverage rate of code reviews for Sonar-detected issues, effectively supporting intelligent collaboration in internal R&D scenarios.

Imaging Testing: We addressed the standardization challenge of subjective evaluations by establishing an objective metrics system. Through algorithm optimization and a distributed architecture, we reduced hardware costs and enabled efficient cross-departmental collaboration and personalized delivery configurations.

Production Quality Inspection: We deployed an SMT automated AI inspection system, boosting single-line inspection efficiency by 70% and reducing manpower by 70%. AI re-inspection time was shortened to 0.5 seconds per image, and a centralized re-inspection mechanism further optimized staffing.

Software Testing: Leveraging technologies such as OCR, computer vision, and visual language models, we are progressively replacing manual labor with AI. This is expected to increase test accuracy to over 99% and improve efficiency by 30%.

Through the large-scale implementation of AI technologies across diverse business scenarios, the company has progressively built a digital operations system anchored in data-driven insights and intelligent collaboration.

Innovation Capability Development

The company continuously strengthens the development of its R&D talent pool and systematically builds core technical competencies. Through institutionalized innovation incentive mechanisms, we drive the effective transformation and accumulation of technological achievements.

Talent and Capability Development: the company is committed to building a professional and systematic R&D team. We focus on strengthening fundamental technical capabilities and have established a cross-domain expert talent pool that is continuously expanded, providing solid human resource support for technological breakthroughs and frontier exploration.

Innovation Incentives: the company has formulated and implemented an *Innovation Reward System* and a *Patent Management System*. These policies provide clear incentives for the acceptance and authorization of innovative outcomes and patents (including inventions, utility models, and designs), effectively stimulating employees' innovation enthusiasm. Furthermore, the company deeply integrates technology asset management and operations into its R&D system. Through mechanisms such as lessons learned and product technology innovation reviews, we incorporate the accumulation, reuse, and iteration of technical achievements into key performance evaluations and professional qualification assessments. This approach tightly links R&D innovation with organizational growth and employee development, fostering a virtuous cycle of continuous innovation.

Intellectual Property Protection

The company places great emphasis on the creation, management, and protection of intellectual property (IP). Strictly complying with 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*, the *Trademark Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, we are committed to building a systematic and standardized IP management system. This framework is designed to enhance our independent innovation capabilities and effectively mitigate IP-related risks.

Longcheer has established a dedicated IP management department, supported by patent liaisons assigned across various business units, forming a clear and accountable management structure. Furthermore, a series of regulations govern the entire lifecycle of IP management:

Patent and Software Copyright Management Process	Defines the responsibilities of all roles involved in the patent and software copyright application process to achieve the company's patent objectives.
Patent and Software Copyright Incentive Guidelines	Encourages R&D personnel to innovate in intellectual property and clarifies reward standards for patents of different types and levels.
Patent Evaluation and Maintenance Implementation Rules	Evaluates and classifies patents based on their technical and legal value. According to the classification results, corresponding management and disposal measures are implemented to rationally allocate patent expenses and maintain high-value patent assets.
Patent Information Security Management Standards	Standardizes information security practices during the patent application process, controls patent information security risks, and prevents the leakage of confidential project information through patent documents, thereby safeguarding the information security of both Longcheer and our customers.
Intellectual Property Risk Management Standards	Standardizes the workflows for identifying and monitoring IP infringement, aiming to avoid or reduce the risk of infringing upon third-party intellectual property rights during business operations, while safeguarding the company's own legitimate IP interests.

In terms of rights protection, the company explicitly stipulates in *Procurement Agreements* that suppliers must guarantee their products and documentation do not infringe upon third-party intellectual property rights, and must bear all liabilities and losses arising from such infringements. This effectively safeguards the company's legitimate rights and interests within the supply chain. Furthermore, the *Confidentiality Agreements* clearly define the ownership of technical information, stipulating that all intellectual property derived from confidential information by the receiving party belongs to the disclosing party, thereby protecting the company's core intellectual property from infringement during technical collaboration and information disclosure.

Regarding the prevention of infringing upon the intellectual property rights of others, the company has established a systematic internal control mechanism:

- During product development, we regularly conduct patent landscape tracking searches and infringement risk assessments, implementing design-arounds or filing for independent intellectual property rights based on the evaluation results.
- We have comprehensively implemented genuine software management for office applications, enforcing unified registration, regular inspections, and timely cleanup to ensure legal and compliant software usage.
- IP training has been incorporated into the mandatory onboarding curriculum for new employees, strengthening their understanding of key issues such as the ownership of job-related inventions and the protection of trade secrets to prevent potential risks. Concurrently, regular specialized training sessions are conducted on topics such as "High-Value Patent Analysis and Strategy," "Methods for Reading Patent Documents," and "Fundamentals of Patent Infringement." This continuously enhances the organization's IP protection awareness and practical capabilities, establishing a long-term protection mechanism that emphasizes both compliant usage and independent innovation.

In 2025, Longcheer obtained the "Intellectual Property Compliance Management System Certification," with the system conforming to the GB/T29490-2023 standard.

Deepening External Collaboration

To continuously enhance innovation capabilities and technological vision, Longcheer actively expands its cooperation network with universities and scientific research institutions. Through technical exchanges and joint research initiatives, we promote the deep integration of industry, academia, and research.

In 2025, we conducted multi-disciplinary technical exchanges and learning activities with renowned universities such as Hefei University of Technology, Hunan University, and Nanjing University. We held in-depth discussions on industry frontier technologies, common R&D topics, and talent development. These collaborations inject fresh scientific research perspectives and innovation momentum into the company, while also facilitating the transformation of academic research outcomes into industrial applications.

Upholding Scientific and Technological Ethics

In the application of emerging technologies such as artificial intelligence, the company places great emphasis on technological ethics and data security. We strictly abide by laws and regulations regarding personal information protection and data security, insisting on promoting technology implementation in a responsible, transparent, and trustworthy manner.

Longcheer has established strict data and information security management systems to standardize the development, deployment, and usage processes of AI technologies. Throughout the entire technology lifecycle, we prioritize the protection of personal privacy and corporate sensitive information, employing effective technical and managerial measures to prevent data leaks and abuse.

Furthermore, the company continuously strengthens employees' awareness of technological ethics, advocating a development philosophy of "Technology for Good, Security First". We ensure that the application of technologies like AI complies with social ethical standards and corporate responsibility requirements, driving technological innovation to be secure and compliant.

Impact, Risk and Opportunity Management

Longcheer systematically identifies, evaluates, and dynamically controls potential impacts, risks, and opportunities throughout the R&D process through institutionalized innovation management workflows and technical governance mechanisms. This ensures that innovation activities are sustained in a compliant, controlled, and efficient manner.

Metric and Target

To systematically drive the quantitative management and continuous improvement of innovation outcomes, the company has established an evaluation system centered on technical asset accumulation and innovation vitality. By setting clear annual targets and regularly tracking progress, we ensure that innovation activities are closely aligned with the company's strategic development.

Our Targets	Our Progress
Annual Growth of Technical Assets ≥ 10%	In 2025, the annual growth of the company's technical assets was 16.6%
Annual Declaration Rate of Technological Innovation ≥ 5.5%	In the first half of 2025, the company's annual technological innovation application rate was 5.58% In the second half of 2025, the company's annual technological innovation application rate was 6.05%

Strengthening Quality Management

Longcheer consistently regards quality and safety as the cornerstone of sustainability. By establishing a systematic governance system, a robust risk control mechanism, and a management framework covering the entire process, we continuously promote the synergistic improvement of product quality, safety compliance, and environmental performance. This provides a solid foundation for meeting high customer requirements and achieving long-term development.

Governance

Longcheer has established a clear and tiered product quality governance structure to ensure the effective implementation of quality strategies, the continuous operation of the quality system, and organizational support for full-process quality control.

The Quality Management Department has been set up as the central coordinating and supervisory body. It is responsible for the planning, establishment, review, and improvement of the quality system, formulating company-level quality objectives and policies, and promoting quality culture building and cross-departmental collaboration.

Building upon this, Longcheer has established a mobile quality system covering all product lines, embedding quality management responsibilities into the entire business chain from R&D, procurement, manufacturing, to service. Through procedural and standardized quality activities, this system ensures effective prevention of quality risks and closed-loop problem resolution at every stage, including product planning, process control, and continuous improvement.

Strategy

Risk and Opportunity Identification

Longcheer continuously monitors various risks and opportunities arising from its quality management processes. We systematically identify, assess, and respond to these factors to drive the ongoing optimization of our quality management system, thereby providing a solid foundation for enhancing product competitiveness and brand value.

Longcheer Quality Management Risk and Opportunity Analysis

Category	Description	Impact Cycle	Impact Level	Potential Financial Impact	Actions
Risk	Global market access and compliance requirements are becoming increasingly stringent, resulting in longer product certification cycles and higher compliance costs.	Short-term Medium-term	Medium	Rising operating costs	Establish a laboratory system capable of international certification pre-testing, and systematically integrate compliance assessments into the product planning phase to effectively shorten certification cycles and optimize compliance costs.
	As product complexity continues to rise, it poses greater challenges to quality coordination across design, manufacturing, and testing processes.	Medium-term	High	Rework and after-sales costs are on the rise	Relying on a full-process quality management mechanism that spans 'Planning—Control—Improvement,' we strengthen cross-functional quality collaboration and proactive risk management to ensure quality consistency for complex products.
	Supply chain volatility and risks related to material consistency can potentially impact product stability and yield performance.	Short-term Medium-term	High	Increased asset impairment losses	Implement rigorous supplier quality audits and Material Quality Planning (MQP) systems. Conduct full-performance verification on critical materials at the R&D stage to proactively control consistency risks.
Opportunity	Through intelligent inspection and data-driven quality control, we can achieve early detection, early warning, and rapid closure of quality issues.	Medium-term Long-term	High	Reduced material scrap and rework labor costs Increased sales revenue	Construct automated testing and data-driven quality platforms to drive the evolution of quality control towards intelligence and real-time capabilities.
	Building on a foundation of high quality, we continuously earn customer trust and enhance brand reputation, providing solid support for expanding into premium markets and international business.	Medium-term Long-term	High	Increased sales revenue Reduced Days Sales Outstanding (DSO)	Establish a global quality certification system that spans multiple regions and industries. Guided by customer satisfaction, we continuously optimize end-to-end quality management to solidify the foundation of brand trust.

Risk and Opportunity Response

Enhancing Quality System Construction

Longcheer takes Total Quality Management (TQM) as its core principle, systematically establishing and continuously enhancing a multi-layered quality management system that covers all business units and operational regions. This ensures that products and services meet customer requirements, industry norms, and international standards throughout their entire life cycles.

All major operating entities have established and maintained ISO 9001-based quality management systems. Building upon this foundation, and in consideration of specific business characteristics and customer demands, the company has further expanded into industry-specific and customer-mandated quality certifications:

- Shanghai Longcheer Technology Co., Ltd.: Certified to ISO 9001 Quality Management System.
- Huizhou Longcheer: Certified under the ISO 9001 Quality Management System, and has established a medical device quality management system in accordance with ISO 13485.
- Longcheer Automotive: Certified under the ISO 9001 Quality Management System, and has established an automotive quality management system in accordance with IATF 16949.
- Nanchang Longcheer: Certified under the ISO 9001 Quality Management System.
- Longcheer Vietnam: Certified to ISO 9001 Quality Management System, and established an automotive quality management system in accordance with IATF 16949, as well as a medical device quality management system in accordance with ISO 13485 and FDA 21 CFR Part 820.

Through a systematic, professional, and international layout of its quality management systems, the company provides each business unit with a quality management framework tailored to its product characteristics and market access requirements, effectively supporting global business expansion and diverse customer needs.

Refining End-to-End Quality Management

Centered on the introduction of new materials, new technologies, and product quality management, the company has established a systematic, full-process quality management system that runs through "Planning—Control—Improvement." This ensures quality controllability and continuous optimization across all stages, from product design to mass production and delivery.

In the Planning Phase

The company systematically identifies and manages quality risks through structured processes. The Quality Assurance team organizes cross-functional analysis and evaluation of NUDD (New Unique Design Defects) and potential design failure modes for new products and materials, forming control lists and quality planning schemes. Functions such as Production, Materials, and Environmental Protection simultaneously develop specialized plans to ensure manufacturability, material reliability, and environmental compliance are implemented early in the design phase. These deliverables are then fed into the system control at key review milestones.

In the Control Phase

The company executes strict process monitoring and node review mechanisms. The Quality Assurance team tracks the implementation of early-stage planning measures, monitors actual risk performance, and drives closed-loop improvements, while measuring risk identification rates against monthly process indicators. Teams for Production, Materials, and Environmental Protection respectively conduct pilot-run issue tracking, material quality monitoring, and environmental target compliance checks. Through systematic tools, they effectively control execution quality at every stage, ensuring products meet predetermined standards during both pilot and mass production.

In the Improvement Phase

The company relies on project post-mortem mechanisms to drive the continuous optimization of the quality system. Based on issues and improvement needs identified during post-mortems, cross-functional quality improvement teams are formed. These teams systematically review lessons learned from past projects, building a reverse improvement knowledge base, which is then updated into the quality management case system. This ensures effective experience accumulation and iterative refinement of processes.

Through the closed-loop interaction of Planning, Control, and Improvement, Longcheer has established a full-process quality management mechanism that adapts to rapid technological iteration, enables proactive risk control, and supports continuous learning and evolution. This provides systematic assurance for high-quality product delivery and enhanced customer satisfaction.

Consolidating Testing and Laboratory Capabilities

The company is committed to continuous improvement in product quality control and R&D verification efficiency through technological innovation and the systematic enhancement of testing capabilities.

Regarding Standardization, the company's laboratories strictly adhere to both domestic and international advanced technical specifications. This encompasses 3GPP communication standards, CTIA OTA certification, the ISO/IEC 17025 reliability system, and various energy efficiency and safety certification requirements. The labs possess pre-testing capabilities for international certifications such as FCC/CE and Type-C PD protocols, effectively shortening the product time-to-market.

In 2025, through the implementation of several capability enhancement projects—including the construction of a CSE pre-testing system, an EEI energy efficiency testing platform, an RF component evaluation system, PD protocol analysis capabilities, and an Image Objective Automation Laboratory—the company significantly expanded its testing coverage and efficiency. The deployment of the RF automation platform increased test coverage across multiple business lines, while the camera automation testing solution further standardized image quality assessment.

Through the continuous optimization and expansion of its technical systems, the company provides efficient and reliable testing support for product R&D. This effectively reduces the risk of material anomalies, accelerates product debugging and certification processes, and lays a solid foundation for quality improvement and market responsiveness.

Cultivating an Organization-wide Quality Culture

The company is committed to building a quality culture characterized by all staff participation and continuous improvement. Through systematic training mechanisms and regular promotional campaigns, we continuously enhance employees' quality awareness, professional competencies, and adherence to processes, providing cultural support for the outstanding performance of our products and services.

The company established a Quality Academy to systematically plan and organize diverse training sessions each month, focusing on annual business priorities and capability development needs. The curriculum covers dimensions such as quality tools and methods, quality systems and red-line regulations, customer satisfaction and issue backtracking, as well as team management and process optimization. In 2025, the company conducted a total of 158 internal quality training sessions, with over 12,000 participants, effectively supporting the enhancement of quality awareness among all employees.

In addition to routine training, the company actively conducts quality-themed promotional activities. Through systematic planning and all staff engagement, we integrate quality consciousness into daily operations and the fabric of our organizational culture.

Quality Red-Line Improvement Month of 2025

In September 2025, the company organized a "Quality Red Line Improvement Activity Month," promoting full employee participation through an integrated format of "training—examination—competition." The activity covered 26 primary departments, conducted over 10 empowerment training sessions, organized examinations for more than 6,000 participants, and saw over 5,000 people take part in knowledge and skills competitions. This initiative significantly enhanced all employees' understanding and compliance with quality red lines, further fostering an organizational atmosphere of "quality first, continuous improvement."

The activity covered **26 primary departments**

Organized examinations for more than **6,000 participants**

conducted over **10 empowerment training sessions**

and saw over **5,000 people take part in knowledge and skills competitions**

Enhancing External Engagement

The company actively participates in external collaboration within the industrial chain and with industry organizations. Through multi-dimensional, routine cooperation and exchange mechanisms, we continuously broaden our technological horizons, deepen industrial integration, and enhance our professional influence and brand value within the industry.

At the level of industrial chain collaboration, the company engages in forward-looking research partnerships with industry partners in core technological areas such as board-level SiP packaging, optics, materials, and chips, jointly promoting the ecosystem construction and technological implementation of the intelligent AI hardware industry.

Regarding Industry Organization Participation, the company actively contributes to platforms such as the NearLink Alliance, the China Electronic Audio Association, and the Shanghai Smart Glasses Industry Alliance. Through experience sharing, topic discussions, and resource alignment, we strengthen strategic synergy with industry partners and uncover new collaboration opportunities.

In terms of industry conferences and technical exchanges, the company hosts specialized events such as the "Qualcomm & Longcheer Tech Day" and actively participates in influential industry summits like the VR Industry Expo. Through these platforms, it showcases its technological achievements and gains insights into industry trends, continuously enhancing the company's voice and technological image in its professional fields.

Shanghai Smart Eyewear Industry Alliance

World Artificial Intelligence Conference 2025

In 2025, Longcheer officially joined the Shanghai Quality Association, actively participating in industry quality seminars and standard development. Furthermore, we were honored with the prestigious "2025 Outstanding Management Innovation Model (Special Project) Benchmark Award", recognizing our excellence in management innovation.

Impact, Risk and Opportunity Management

The company maintains a dynamic process for identifying and grading quality risks.

Metrics and Target

The company has established a quality management indicator system covering the entire product lifecycle, with a focus on customer satisfaction. By setting clear objectives, tracking key indicators, and driving continuous improvement, the company achieves steady improvements in product quality.

Our Targets	Our Progress
Achieved customer Quarterly Business Review (QBR) quality performance targets	Established a QBR target management and assessment system, covering process forecasting, improvement, and other management frameworks, to achieve customer QBR targets
Annual Failure and Field Return Rate (FFR) met standards	Refined the quality control system, set Annual Failure and Field Return Rate (FFR) as a key metric for measuring product reliability, and implemented ongoing tracking, thereby achieving the target

Ensuring Product Safety

Product Safety Management System

The company has established a safety management system that spans the entire product lifecycle. By combining institutional regulations with digital technologies, we systematically safeguard product safety and consumer rights.

We have formulated a series of internal standards, such as the *Product Safety Management Procedure* and the *Control Procedure for Labeling* and *Traceability of Packaged Products*. These documents define safety management requirements from raw material procurement to manufacturing and final delivery, providing a systematic basis for risk prevention.

During the product development phase, Longcheer identifies potential safety risks through specialized testing, conducting safety verifications such as battery overheat protection design and drop/anti-explosion tests to eliminate hazards at the design source. During production, we reduce operational risks through fool-proof equipment design and strictly control product appearance processes to avoid quality defects—such as burrs—that could potentially harm consumers.

Leveraging the MES system, the company has established a closed-loop product safety management system with full traceability. The system covers end-to-end data collection and traceability—from material warehousing and process binding to defective product rework and final shipment. This enables precise tracking and problem localization based on barcodes and serial numbers, forming a safety mechanism that is "traceable, verifiable, and optimizable." This continuously enhances our early-warning capabilities and response efficiency regarding quality risks, providing a solid guarantee for product safety.

Hazardous Substances Control

Adhering to the environmental policy of "reducing hazardous substances and providing green products to customers," Longcheer integrates hazardous substance control throughout the entire product lifecycle. Through systematic institution building and full-chain process execution, we ensure our products comply with international environmental regulations and green requirements from key markets.

The company focuses on potential pollution risks posed by hazardous substances during raw material introduction, component manufacturing, and the production process. Through full-process monitoring and management, we ensure these substances are preventable, controllable, and traceable.

Heavy Metals	Lead (Pb), Cadmium (Cd), Mercury (Hg), Hexavalent Chromium (Cr(VI))
Flame Retardants	Brominated and Chlorinated Flame Retardants
Plasticizers	Phthalates
Persistent Organic Pollutants	Substances listed under POPs regulations
Other Regulated Substances	Requirements regarding WEEE, REACH, PFAS, etc.

Toxic and Hazardous Substances Control of Longcheer

The company has established internal standards such as the *Hazardous Substance Management System Manual*, the *Longcheer HSF Management Specification*, and the *Longcheer List of Restricted Hazardous Substances*. These systematically regulate the control requirements for hazardous substances, establishing a management mechanism that covers the entire product process:

Product Marketing	Define general (or basic) environmental requirements to provide baseline standards for subsequent stages.
Project Management	Define project-specific environmental requirements and decompose standards to ensure all relevant departments understand and execute the regulations.
R&D & Design Selection	Design according to defined environmental requirements. Assess material risks—especially whether high-risk materials contain banned substances—prior to selection.
Resource Development & Projects	Communicate environmental requirements to new resource R&D and certification processes. Only new resources that pass acceptance can be used.
IQC & Laboratory	Verify raw material environmental compliance. Implement risk-based tiered management of testing equipment and methods to ensure incoming materials meet standards.
Procurement	Purchase and deliver materials according to environmental requirements, ensuring every link in the supply chain complies with regulations.
Production	Implement pollution control measures during manufacturing to prevent environmental contamination.
Warehousing & Logistics	Prevent mix-ups by ensuring clear and accurate material identification, avoiding cross-contamination between different materials.

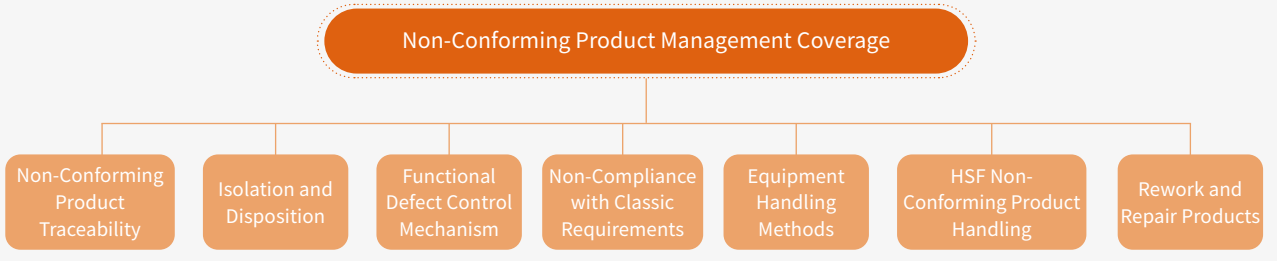
For raw materials, the company has established a multi-tiered supplier environmental management system to ensure all supply chain links meet our green standards:

- Purchase orders must be placed with suppliers listed in the approved vendor list. Suppliers must sign environmental agreements, committing to comply with our requirements.
- Suppliers must complete environmental certification before material approval, including providing compliance reports such as MSDS, RoHS, HF, and REACH. Material composition data must be uploaded to the company's PLM system for review.
- Suppliers must conduct XRF self-testing on finished shipments and upload the data to the PLM system. The company uses this to verify their testing capabilities, equipment accuracy, and the effectiveness of their shipment interception mechanisms.
- The company organizes annual environmental training for suppliers to continuously communicate and update environmental policies and regulatory requirements.

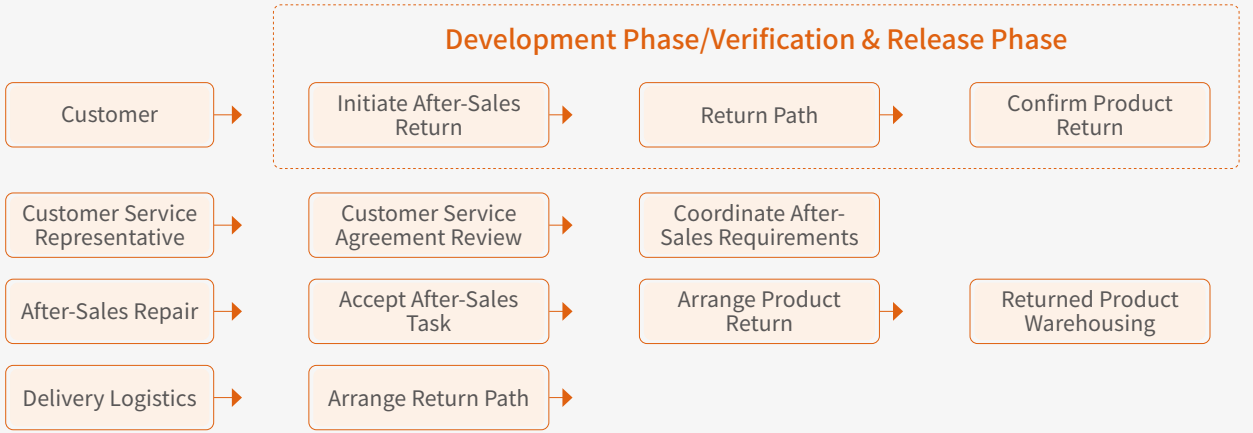
Our Target	Our Progress
PVC Prohibition	In 2025, the company did not use PVC materials in its products.
Halogenated Flame Retardant Prohibition	In 2025, the company did not use halogenated flame retardants in its products.
Expand QC080000 Certification Scope	In 2025, Longcheer, Longcheer Intelligence, Huizhou Longcheer, Nanchang Longcheer, and Vietnam Longcheer all passed the IECQ QC080000 Hazardous Substance Process Management System certification.

Non-Conforming Product Control

Longcheer strictly enforces the *Non-Conforming Product Control Procedure*, implementing systematic management of abnormal products during production. Through precise traceability, effective isolation, and standardized rework measures, we ensure non-conforming products never flow to the next process or into the market. Regarding after-sales customer complaints, the company has established a clear product recall management mechanism, including trigger conditions, impact scope, and standard operating procedures. This forms a standardized recall system covering customer communication, after-sales handling, and logistics coordination.



Longcheer Non-Conforming Product Management Coverage



Longcheer Product Recall Process

Enhancing Customer Service

Improving Customer Service Quality

The company has established and continuously refines a product quality monitoring and after-sales service indicator system. By deploying a professional technical support team and a 24/7 response mechanism, we effectively reduce the product's Annual Field Failure Rate (FFR) and repair rate, transforming product value into tangible customer benefits through refined, professional service.

To systematically enhance quality and after-sales service management capabilities, we have built a regulatory system covering service strategy formulation, agreement review, proactive serviceability management, and continuous quality improvement.

Front-end Service Management: The company standardizes the review of after-sales service strategies at the project initiation stage through the *Management Service Strategy* document, strengthening the management of service costs and gross profit. Furthermore, the *Customer Service Agreement Review Process* clarifies responsibilities and time efficiency standards for reviewing customer RFI/RFP/RFQs and service terms, enhancing risk identification and proactive control.

Product Lifecycle Management: the company has established the *Product Serviceability Review Management Process*, which incorporates serviceability requirements upfront during the product concept, development, validation, and release phases to reduce after-sales risks at the source. Simultaneously, through the *Service Quality Management* policy, the company continuously monitors and analyzes quality performance during the initial launch phase of new products as well as medium-to-long-term quality data (such as FFR indicators), driving systematic improvement and optimization of quality issues.

In 2025, we further strengthened its digital quality management capabilities by officially launching the Feishu-QMS interactive closed-loop problem management platform. This platform facilitates tiered control and process management of client-side issues. By utilizing progress notifications, to-do reminders, and email escalation mechanisms for overdue tasks, the platform provides full-process alerts to reporters, responsible parties, and relevant personnel. It continuously tracks issue resolution progress until closure, significantly enhancing the efficiency of response and handling.

Improving Service Organization Structure

To ensure the effective operation of the quality and after-sales service management system, the company continuously improves its customer service organizational structure and responsibility allocation mechanism. It has established a service management model centered on customer service representatives, supported by extended team collaboration, achieving unified management of customer needs from identification and assessment to response and maintenance.

In 2025, the company further refined its customer service organization and responsibility system. Based on the customer service division of labor, and through the defined responsibilities of customer service representatives and their extended teams, customer needs—from identification, assessment, and response to maintenance—are brought under unified management.

In 2025, the company's marketing system MSM1.0 continues to serve as the main channel of the company's marketing system, supporting the end-to-end marketing business process operations covering market management, customer management, and sales project management.

Building upon the original MSM system architecture, 71 new L3 to L6 level processes were established and refined. This further standardizes the company's marketing business activities and marketing operations, continuously deepens customer relationship management, and promotes more standardized, orderly, and process-driven sales activities.

Optimizing Customer Feedback Processes

Adhering to the customer-centric service philosophy, the company continuously improves its customer service and complaint response systems. We have formulated and implemented a series of regulatory documents—including the *Hierarchical Problem Handling Guidelines, Product Quality Improvement Process, Production Quality Abnormality Handling Process*, and *Market After-Sales Complaint Handling Process*—to systematically standardize service and after-sales issue resolution.

The company continuously optimizes its response system, integrating a full-service chain covering five key modules: "Service Strategy, Service Execution, Service Quality, After-Sales Repair, and Problem Resolution."

When customer complaints or feedback arise, the company follows established procedures to organize cross-functional teams for issue assessment and resolution. Implementation measures are carried out with customer approval, and continuous tracking is maintained until the issue is fully closed. For urgent issues, the company adheres to the "2-4-24-48-5" time-based management principle: acknowledge and respond within 2 hours, complete issue documentation and coordinate with relevant functions within 4 hours, conduct preliminary root cause analysis within 24 hours, develop a solution within 48 hours, and complete long-term corrective actions and effectiveness verification within 5 business days. This ensures that issue handling is efficient, transparent, and well-controlled.

Efficiently Responding to Customer Needs

Longcheer values customer feedback management and systematically collects customer opinions and suggestions regarding product quality and service performance through multi-channel communication.

The company continuously operates the Customer VOC (Voice of the Customer) system for closed-loop management. We regularly organize management meetings to review and evaluate the progress of VOC closure. By verifying the effectiveness of improvements against customer feedback and QBR/MBR performance results, we transform customer insights into tangible achievements of continuous improvement, comprehensively enhancing customer experience and satisfaction.

Manage VOC Implementation	Regularly organize high-level meetings to analyze customer needs and pain points, strengthencustomer-oriented decision-making response
Manage QBR/MBR Assessment	Through QBR/MBR assessment mechanisms, maintain regular communication with customers,and implement standardized closed-loop management for dissatisfactions/issues
Manage Annual Customer Satisfaction Survey	Continuously conduct annual satisfaction surveys, combine questionnaires and interviewsto dynamically understand customer evaluations of work in various fields, promptly collectcustomer opinions and suggestions, formulate responsive corrective and preventive measuresand improve product service capabilities in a targeted manner.

Customer VOC Management Process

In 2025, the company continued its annual customer satisfaction survey, managing customer feedback systematically and via closed-loop processes. The survey, conducted through a combination of on-site and online interviews, covered key business areas including marketing, quality, R&D, delivery, manufacturing, and products, comprehensively collecting the Voice of the Customer.

CSR Audits

To meet the growing Environmental, Social, and Governance (ESG) expectations of our global clientele, the company has established a systematic coordination mechanism for CSR audits. Through standardized processes, dedicated point-of-contact management, and continuous improvement, we ensure that our operations and products align with the diverse sustainability standards of domestic and international customers.

For International Clients, we actively cooperate with ESG data reporting and audit requirements. This includes completing self-assessment questionnaires, providing third-party sustainability scorecards, disclosing carbon emissions and product lifecycle assessment data, and submitting verification documents for recycled materials. Furthermore, we regularly participate in monthly CSR meetings with clients, conduct annual ESG self-evaluations, perform new factory audits, carry out conflict minerals surveys, and undergo RBA (Responsible Business Alliance) audits. Through our annual ESG report, we enhance supply chain transparency and accountability.

For Domestic Clients, addressing specific client concerns, the company systematically responds to audit requirements regarding carbon management, labor rights, workplace safety, environmental protection, technology ethics, and care for special groups. By conducting specialized CSR audits, refining environmental and social management systems, promoting carbon reduction initiatives, and improving ESG ratings, we have built a responsibility framework that meets domestic market and societal expectations, supporting clients in project bidding and long-term partnerships.

We have established a mechanism for recording and archiving customer ESG requirements, ensuring audit documentation is complete and traceable. Through cross-departmental collaboration, we drive continuous improvement, transforming customer ESG expectations into intrinsic drivers for management enhancement and business development.

Advancing a People-Centric Philosophy

Safeguarding Employee Rights

The company upholds employee rights protection as the cornerstone of corporate development, strictly complying with applicable laws and regulations in operating locations, including the *Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China*, and Vietnam's Labor Code. The company also actively adheres to international standards such as the *UN Global Compact Ten Principles, Universal Declaration of Human Rights*, and the *ILO Declaration on Fundamental Principles and Rights at Work*, committed to creating a fair, safe, and healthy working environment for every employee.

Workplace Rights Protection

Non-discrimination and Anti-harassment

Longcheer commits to eliminating discrimination or differential treatment based on race, color, religion, gender, age, nationality, genetics, disability, or other factors in recruitment, promotion, compensation, performance management, and daily operations. Any form of sexual harassment, inappropriate remarks, or misconduct is strictly prohibited.

To effectively prevent and address discrimination and harassment, the company has formulated the *Regulation on Prohibition of Discrimination and Inhumane Treatment*, and established clear reporting and handling mechanisms. Employees may report through designated email of the Ethics Management Office, local ethics working groups, or directly to office members. During case handling, the company will impose appropriate penalties on violators while providing support to victims including communication, reassurance, and outcome notification. When necessary, the company will assist in adjusting work positions or locations to alleviate subsequent pressure.

In recruitment, the company ensures fairness and equity through multiple measures. At the institutional level, the *Human Rights Policy* and *Guidelines on Relatives Avoidance* are formulated in accordance with the *Labor Law of the People's Republic of China* and *Employment Promotion Law of the People's Republic of China*, explicitly prohibiting all discrimination unrelated to job requirements. Recruitment information is reviewed to avoid unreasonable restrictive conditions. The interview process adopts a structured system with standardized scoring to reduce subjective judgment influence. Background checks strictly follow legal compliance and job-relevance principles, and candidates are provided with opportunities for explanation to avoid rejection decisions based on personal attributes.

In awareness enhancement, the company continuously conducts online and offline training on anti-discrimination and anti-harassment themes, achieving full coverage of relevant content in 2025.

Our Targets	Our Progress
Achieve 100% employee coverage of anti-discrimination and anti-harassment themed training.	In 2025, **100%** coverage achieved for anti-discrimination and anti-harassment themed training.

Prevention of Child Labor and Forced Labor

Longcheer commits to resolutely eliminating the employment of child labor and prohibiting any form of forced or compulsory labor.

During the recruitment process, the company strictly adheres to internal policies and regulations to prevent the employment of child labor from the outset. During the hiring phase, interviewers rigorously review the documents submitted by candidates and verify whether they have reached the age of sixteen based on the personal information provided. When processing onboarding formalities, HR staff verify the candidate's actual age by checking the original ID card, compare the individual's appearance with the photo on the ID, and use facial recognition devices to authenticate the ID's validity. To prevent oversights and identity fraud, the Human Resources department conducts periodic spot checks. Should any age-related complaints or doubts about an employee's age arise, the company will immediately initiate a review process to re-verify the individual's actual age.

Meanwhile, the company has formulated the *Regulation on Prohibition of Child Labor and Protection of Young Workers and the Regulation on Freedom of Employment and Prevention of Forced Labor*, clearly defining remedial measures and internal reporting procedures for child labor incidents or forced labor situations, ensuring timely identification and proper handling of issues.

Additionally, the company organizes specialized training during employee onboarding, conveying policies and requirements on prevention of child labor and forced labor through combined online and offline formats, enhancing awareness and responsibility among all employees to jointly maintain an equal, free, and dignified working environment.

Our Targets	Our Progress
Prohibit any form of child labor and forced labor.	In 2025, the company recorded **0** incidents of child labor or forced labor.

Diversity, Equity and Inclusion

The company upholds the core principles of "Diversity and Inclusion, Equal Opportunity," committed to building a work environment that respects differences, embraces diversity, and ensures equity and fairness. We ensure that no employee faces discrimination or differential treatment in recruitment, promotion, training, or compensation and benefits based on gender, age, ethnicity, religious belief, educational background, or physical condition. We advocate that employees actively listen to diverse perspectives and embrace different viewpoints in collaboration and decision-making, thereby stimulating organizational innovation, enhancing team cohesion, and strengthening employee belonging.

Except where special job requirements apply, the company is dedicated to promoting employment for persons with disabilities, providing equal employment opportunities for disabled individuals in hiring practices. Meanwhile, we continuously pay attention to the practical needs of ethnic minority employees, improving relevant convenience facilities. We have established dedicated halal food counters in company canteens, respecting and accommodating employees' different dietary cultures and religious customs.

In talent development, we systematically integrate topics such as diversity, inclusion, and unconscious bias into various training systems, covering new employee cultural orientation, management development programs at all levels, and internal trainer cultivation. When reviewing monthly training plans from professional academies, Longcheer Academy treats inclusivity of training content and participant composition as an important evaluation dimension, driving continuous optimization of the learning environment toward greater openness and inclusivity.

Our Targets

Create an equitable and inclusive environment, foster a diverse and inclusive workplace culture, provide employment opportunities for ethnic minorities and persons with disabilities, and strive to bring together outstanding talent from diverse backgrounds and experiences.

Our Progress

In 2025, the company provided employment opportunities for **139** persons with disabilities and **1,453** individuals from ethnic minorities, striving to create a diverse and inclusive workplace environment and culture.

Human Rights Due Diligence

The company has formulated and issued the *Regulation on Identification and Assessment of Labor and Ethical Risks*, established a register of significant labor risks, and set corresponding risk identification and management objectives to systematically identify, assess, and respond to potential human rights-related risks.

In actual operations, Longcheer collects information through employee satisfaction surveys, symposiums, daily feedback channels, and other means, regularly assessing the severity and probability of human rights risks to determine prioritization for risk treatment. For high-risk areas, we develop specialized improvement measures, strengthening workplace environment optimization and supplier conduct management. The company regularly tracks and evaluates risk status and improvement effectiveness, dynamically adjusts management strategies, and reports risk progress to management. Meanwhile, we regularly disclose risk management status to stakeholders, establish and maintain feedback channels, and continuously improve the human rights risk management system. Additionally, the company enhances all employees' awareness and management capabilities regarding human rights risks through regular training.

Furthermore, the company has established effective grievance and remediation mechanisms to ensure affected parties receive timely response and reasonable redress.

Advancing Internal Dialogue

Improving the Communication System

Longcheer is committed to building an institutionalized, platform-based, and all-staff communication and service system that breaks down hierarchical and geographical barriers, ensures smooth information flow and efficient response to employee concerns, solidifies the foundation of organizational trust, and enhances collaborative effectiveness.

We have established a multi-dimensional communication mechanism spanning "strategic Consensus—Management Optimization—Daily Care," systematically collecting and responding to employee voices, promoting normalized cross-level dialogue, achieving efficient and convenient information access, and ensuring clear and smooth problem-solving pathways.

Strategic Consensus

Through formats such as Talk with President and executive information sharing sessions, ensure alignment between company development direction and employee understanding, building strategic trust.

Management Optimization

Relying on various business systems, conduct democratic life meetings and regular specialized symposiums, focusing on operational-level issues such as team management, process efficiency, and welfare logistics, transforming employee suggestions into concrete improvement measures.

Daily Care

Through employee satisfaction surveys and various care activities, continuously monitor organizational atmosphere, infuse humanistic warmth, and closely integrate listening to employee voices, implementing daily care, and driving continuous management improvement.

Face-to-Face with General Manager in 2025

In 2025, to promote direct communication between frontline employees and senior management, Huizhou Base continued the "Face-to-Face with General Manager" series. This platform focused on the actual needs of frontline permanent workers and team leaders, holding 5 employee symposiums and 1 team leader symposium throughout the year. Through direct dialogue with the General Manager, employees were able to voice difficulties and suggestions regarding work and life, driving efficient information transmission and promoting timely problem response.

To enhance organizational communication efficiency and transparency, Longcheer has built a digital workplace integrating "Information Dissemination, Interactive Engagement, and Self-Service." Platforms such as "Longtan" (internal forum), "Longcheer Style," and "Longcheer Recruitment" serve as official information channels, continuously communicating company business updates, policy interpretations, and cultural stories. Meanwhile, employees can conveniently handle various HR matters—including personal information queries, certificate issuance, document updates, and leave applications—through the "MyHR Employee Self-Service Platform" and unified service portal. Managers can also access team information in real time and complete daily approvals through the same platform.

Updated 2025 "Longtan" Platform Launch

In July 2025, the Longtan platform underwent a comprehensive upgrade and launch. Centered on the positioning of "An Ideal Employee Communication System," it integrated 8 core columns and 30 interactive sections, covering multiple dimensions including cultural dissemination, management exchange, administrative services, and employee life. Since its launch, the platform has continuously diversified its operational formats, successively organizing 9 online cultural activities including essay contests, photography exhibitions, and themed discussions, and launching featured columns such as executive research papers and "We Light" story sharing.

As of December, the platform had accumulated over 100,000 visits, with more than 10,000 active users, and published 557 articles and interactive content pieces. It has effectively facilitated precise communication and deep recognition of company strategy, culture, and objectives among employees, becoming an important vehicle for internal organizational communication and cultural development.

Employee Satisfaction Survey

To continuously monitor and enhance the overall employee experience within the organization, Longcheer has established a normalized, multi-dimensional employee satisfaction research mechanism. Through specialized surveys covering onboarding experience, in-service support, environment and logistics, career development, performance feedback, and system support, the company systematically collects employee opinions, providing data support for management optimization and decision-making, and driving continuous organizational improvement.

In terms of onboarding experience, the HR Shared Service Center continuously conducts new employee satisfaction surveys. As of 2025, the onboarding experience questionnaire has undergone four iterations, covering over a thousand new employees throughout the year, with an overall satisfaction score of 4.65 (on a 5-point scale). The survey results support cross-regional comparisons and regional differentiation analysis, helping to identify process gaps and drive targeted improvements. Additionally, based on survey performance, the company recognizes outstanding service teams, leveraging real-time incentives and sharing best practices to continuously enhance service quality.

In terms of living Experience, the Administration Department has conducted multiple surveys regarding employee office and living facilities, including cafeteria vendor selection, parking space planning, first aid training needs, and annual administrative service satisfaction assessments, gradually building a feedback closed-loop spanning the entire employee lifecycle and covering multiple scenarios, driving continuous improvement in organizational environment and employee experience.

Since the second half of 2024, Longcheer launched an organizational climate survey project, piloting it in select business divisions in 2025. The survey covers dimensions including basic requirements, value realization, team belonging, and mutual growth. Through analytical methods such as team average scores, individual question data, and regional comparisons, it identifies management weaknesses and focuses improvement directions. Survey results are simultaneously fed back to respective management teams to jointly formulate and implement improvement plans, supporting dual optimization of management capabilities and team atmosphere.

(Nanchang) Employee Satisfaction Survey by HR and Administration

Ensuring Health and Safety

Longcheer consistently positions health and safety at a strategic level. By establishing a sound governance structure and institutional framework, systematically conducting risk identification and response, and continuously driving system certification, hazard protection, inspection drills, and supplier collaboration, the company is committed to building a long-term mechanism for occupational health and safety management that leads the industry, providing solid and reliable safety protection for employees and business operations.

Governance

The company always places the health and safety of employees and stakeholders first, strictly complying with laws, regulations, and industry standards in business management. Upholding the philosophy of "Safe Production, Caring for Employees, Scientific Management, and Continuous Improvement," the company systematically builds and continuously improves its occupational health and safety management system. We are dedicated to preventing safety accidents, enhancing emergency response capabilities, reducing operational risks, and driving continuous improvement in health and safety management performance through institutional norms, responsibility implementation, and normalized inspections.

The company has established a Safety Production Committee and formulated the *Safety Production Committee Charter*, clarifying organizational structure and management responsibilities. The committee coordinates the development of annual safety production work plans, systematically conducts risk inspections and hazard rectification, and ensures systematic advancement of safety management. In 2025, the company comprehensively identified and updated the list of occupational health and safety-related laws and regulations and organized all employees to sign annual safety responsibility agreements, consolidating the safety responsibilities at every level.

Strategy

Risk and Opportunity Identification

Through its annual workplace safety work plan, the company establishes a normalized risk identification and assessment mechanism, promoting the continuous development of safety management in a systematic, preventive, and leading direction.

Health and Safety Risk and Opportunity Analysis

Category	Description	Impact Cycle	Impact Level	Potential Financial Impact	Actions
Risk	Risk of intersection between internal traffic flow and personnel activity areas in the workplace	Short-term Medium-term	Low	Increase in compensation for personal injury accidents	Enhance regional traffic safety by implementing physical barriers and audible & visual warning measures to control vehicle access and movement
	Aging equipment and facilities may pose potential hazards to the environment and safety	Medium-term	Low	Increase in maintenance costs	Systematically conduct facility health monitoring and preventive maintenance, promote the upgrade and renovation of aging facilities
	Local weaknesses exist in the park's fire protection system and security system	Short-term	Low	Increase in fire rectification expenses Increase in property losses	Deploy smart fire protection systems, continuously carry out fire safety assessments and security reinforcement projects to enhance overall emergency response and protection capabilities
Opportunity	Through systematic safety management and technological investment, an industry-leading security system and safety culture can be established	Medium-term Long-term	High	Reduction in safety risk costs	Promote the digital and intelligent transformation of safety management, positioning health and safety development as a competitive advantage for the company's sustainable development

Risk and Opportunity Response

System Certification and External Testing

The company places high importance on the systematization and compliance of occupational health and safety management, continuously promoting international certification and external testing of its management system. Through regular, specialized internal and external assessments, it ensures that all health and safety indicators consistently meet national standards and industry regulations.

In terms of system certification, both the Huizhou Base and Nanchang Base have passed audits by TÜV certification bodies and obtained ISO 45001 Occupational Health and Safety Management System certification. Both locations implement an annual review mechanism to ensure the continuous and effective operation of the system.

In terms of external testing and compliance monitoring, the company regularly commissions qualified third-party institutions to conduct testing and assessments on key environmental and safety indicators.

Huizhou Base

In 2025, successively completed testing for wastewater, exhaust gas, noise, kitchen fumes, lightning protection devices, occupational hazard factors, and electrical fire prevention. All results complied with national standards, and corrective actions were implemented to close out any issues identified during the testing.

Nanchang Base

In 2025, systematically conducted multiple tests including organized exhaust gas, unorganized exhaust gas, boundary noise, kitchen fume emissions, boiler exhaust gas, lightning protection, occupational hazard factors, and electrical fire prevention. All results were qualified, with simultaneous implementation of corrective actions and follow-up verification.

Vietnam Base

In 2025, successively completed testing for wastewater, exhaust gas, noise, kitchen fumes, lightning protection devices, and occupational hazard factors. All results complied with national standards, and corrective actions were implemented to close out any issues identified during the testing.

Through systematic certification and regular external testing, the company continuously strengthens the institutional foundation and implementation guarantee of its health and safety management, creating a safe and compliant working environment for employees.

Hazard Prevention Mechanisms

Longcheer places high importance on the prevention and control of various occupational hazards during its operations. By combining engineering controls with personal protection, it has established and continuously improves a hazard prevention system covering multiple scenarios across all its bases.

At the engineering control level, Longcheer has formulated policy documents such as the *Environmental Occupational Health and Safety Management Manual, Regulations on the Management of Labor Protection Supplies*, and *Regulations on Occupational Disease Prevention Management*. These documents systematically identify positions with occupational hazards and standardize protective measures. Each base has installed occupational hazard warning signs, equipped areas with general ventilation and local exhaust systems, implemented regular job rotation for key positions, and applied source isolation and engineering controls for chemicals, noise, hazardous gases, etc.

In terms of personal protection, Longcheer provides and instructs employees in relevant positions on the use of personal protective equipment, such as protective gloves and earplugs. All employees exposed to occupational hazards undergo pre-employment, periodic in-service, and pre-departure occupational health examinations. The occupational risks of their positions are clearly communicated to them through the *Occupational Hazard Notification Letter*.

Regarding hazardous chemicals, Longcheer strictly complies with relevant national laws and regulations. In accordance with standards such as the *Regulations on the Safety Management of Hazardous Chemicals*, it has formulated the *Chemical Safety Management Specifications*, which comprehensively cover all stages of chemical handling—including introduction, warehousing, storage, use, recovery, and emergency response—ensuring the safety and control of chemicals throughout their lifecycle.

During the chemical introduction phase, Longcheer has established a rigorous evaluation mechanism. For all newly introduced chemicals, the Purchasing Department is required to collect relevant qualification documents, including Material Safety Data Sheets (MSDS), business licenses, and operating permits. These are then subject to a safety assessment by the Safety Assurance Section. Only chemicals that pass this assessment can proceed to the procurement process, ensuring the effectiveness of source control. Concurrently, Longcheer implements full lifecycle management of MSDS, ensuring their information is complete and valid, and regularly organizes review meetings to promptly update any non-conforming items.

Longcheer implements refined management for the storage and use of hazardous chemicals. A quantitative storage

system is enforced in the chemical transit warehouses, strictly controlling the inventory not to exceed a 24-hour supply. The warehouses are equipped with comprehensive protective facilities and emergency supplies, which are regularly inspected and maintained. Chemicals with incompatible properties are stored in separate areas with isolated management to prevent safety incidents caused by cross-reactions. All storage containers are clearly labeled with the product name, properties, and warning signs to ensure information transparency and traceability.

During the usage phase, Longcheer implements a dedicated personnel and specialized requisition system, providing professional training to relevant staff to ensure standardized operations and controllable risks. Explosion-proof cabinets are set up in production workshops for the temporary storage of hazardous chemicals, with strict inventory control. All processes involving requisition, recovery, and disposal during use must be recorded in logs, forming a closed-loop management system to ensure clear and traceable chemical flow.

To enhance emergency response capabilities, Longcheer has formulated the "Emergency Rescue Plan for Hazardous Chemical Accidents" and regularly organizes chemical spill emergency drills. The spill handling procedures are clear with well-defined responsibilities, ensuring that situations can be controlled quickly and effectively during emergencies, minimizing impacts on personnel and the environment. Additionally, Longcheer provides annual training for chemical managers and users to enhance the safety awareness and emergency response capabilities of all employees.

Regarding the disposal of chemical waste, Longcheer's waste chemicals and their packaging containers are uniformly handed over to the Safety Assurance Section for processing, and are strictly registered in accordance with the "Hazardous Waste Management Log" to ensure compliant and environmentally sound waste disposal. Longcheer adheres to the principle of "recycling by type, strictly prohibiting mixed collection" to prevent cross-contamination and promote waste reduction and resource utilization.

Routine Safety Inspections

Longcheer has established and strictly implements a routine safety inspection mechanism covering all areas and multiple levels. Through an inspection system combining periodic, special, and pre-holiday checks, it systematically identifies safety hazards, promotes corrective action closure, and continuously strengthens its workplace safety defense.

- Huizhou Base: In 2025, organized and conducted 86 various safety inspections, including 52 weekly inspections, 12 monthly inspections, 16 special inspections, and 6 pre-holiday inspections. A total of 1,157 hazards were identified throughout the year, achieving 100% closed-loop management.
- Nanchang Base: In 2025, implemented 65 safety inspections, including 42 weekly inspections, 12 monthly inspections, 5 special inspections, and 6 pre-holiday inspections. A total of 676 hazards were identified and rectified, achieving 100% closed-loop management.
- Vietnam Base: In 2025, conducted 45 safety inspections, including 25 weekly inspections, 12 monthly inspections, 3 special inspections, and 5 pre-holiday inspections. A total of 267 hazards were identified throughout the year, achieving 100% closed-loop management.

Through this routine, comprehensive, and rigorously enforced safety inspection system, Longcheer continuously strengthens its risk prevention and control capabilities, ensuring that operations at all bases consistently comply with safety regulations.

Strengthening Safety Training

Longcheer continuously builds and improves a comprehensive, tiered, and categorized safety and health training system covering all employees. Through various formats such as external training certifications, specialized topic training, thematic campaigns, and emergency drills, it continuously enhances employee safety literacy and risk response capabilities, fostering a cultural atmosphere where "everyone prioritizes safety, everyone knows how to respond to emergencies—identifying hidden dangers in their surroundings."

In terms of professional qualification and skills training, each base systematically organizes management personnel and employees in key positions to participate in external certification training. In 2025, the Huizhou Base completed 122 external training sessions for first aiders, occupational health and safety managers, and dangerous goods handlers. The Nanchang Base trained a total of 37 safety officers, managers, and first aiders. The Vietnam Base conducted group safety training sessions in accordance with local regulations and trained 14 first aiders.

Longcheer actively carries out routine safety-themed promotional activities to strengthen employee health awareness. The company organized an "Occupational Health Theme Month" activity, inviting professional medical staff to give lectures on occupational disease prevention and health knowledge. It also organized knowledge competitions and safety skills contests, and conducted regular refresher training and assessments for first aid skills to ensure the continuous reinforcement of employee emergency response knowledge.

Conducting Emergency Drills

Longcheer systematically updates its emergency plans and conducts routine, scenario-based emergency drills of various types. This continuously enhances the risk response capabilities of all employees and their proficiency in handling emergencies, solidifying the practical defense line for workplace safety and employee health and life.

In 2025, all of Longcheer's bases completed the preparation, update, and filing of their workplace accident emergency plans. Focusing on various potential risk scenarios, they conducted multi-level, comprehensive practical drills. Specialized drills were organized covering scenarios such as mechanical injury, falls from height, food poisoning, fire evacuation, chemical spills, lithium battery fires, elevator entrapment, forklift accidents, anti-terrorism and riot control, electric shock, heatstroke, natural disasters, and infectious diseases, addressing various risks throughout all stages of the year.

Emergency Drill for Machinery Injury Accident

In January 2025, the Nanchang Base organized and conducted an emergency drill for a machinery injury accident. The drill simulated an employee injuring their left hand while operating drilling equipment. Colleagues on-site immediately stopped the machine and called for help. The shift leader quickly assessed the injury and alerted the emergency services. The response process was efficient and rapid, with all teams cooperating seamlessly. This drill effectively verified the feasibility of the emergency plan and the employees' emergency response capabilities.

Through continuous, diverse, and realistic emergency drills, the company has effectively verified the feasibility of its emergency plans and the responsiveness of its teams. This has enhanced employees' awareness of self-rescue and mutual aid, as well as their emergency handling skills, laying the foundation for establishing an emergency mechanism that integrates "routine preparedness with emergency response, enables rapid reaction, and ensures effective handling."

Supplier Safety Management

Longcheer integrates suppliers into its unified safety management system. Through institutional constraints, contractual agreements, training and education, and process supervision, it continuously strengthens the control of risks associated with related-party operations, ensuring the effective fulfillment of safety responsibilities across the entire chain.

In terms of system and agreement management, Longcheer formulates and implements normative documents such as the *Management System for High-Risk Construction Operations* and the *Engineering Construction Management System*, which clearly define operating standards and responsibility interfaces. Each base signs an annual *Construction Safety Agreement* with suppliers and implements the principle of "whoever hosts is responsible" in accordance with the *Personnel Access Management Regulations*, strengthening access control and process management for external personnel.

Regarding training and inspection mechanisms, Longcheer conducts specialized safety training for suppliers and implements pre-entry safety assessments. For resident suppliers, each base regularly organizes monthly safety inspections, hazardous operation permit approvals, and patrols during the construction process. For temporary suppliers, it strictly implements full-process control including pre-entry training, agreement signing, process supervision, and completion inspections.

Impact, Risk, and Opportunity Management

Longcheer has established a systematic mechanism for managing health and safety impacts, risks, and opportunities. Annually, it organizes various departments to systematically identify, assess, and respond to risks and opportunities, ensuring through structured processes that risks are identified, evaluated, and addressed early.

Through the *Employee Emergency Rescue Management System* and the *Incident Investigation Management Specifications*, Longcheer defines the comprehensive requirements for managing related risks across the entire process—from incident prevention, reporting, and emergency rescue to cause investigation, rectification, and closure. This ensures timely and effective emergency responses and thorough post-event analysis and improvement.

Furthermore, Longcheer has established smooth channels for risk reporting and complaint feedback. The *Safety Audit Management System* clarifies that employees can report issues through safety managers in their respective departments or directly to the safety department. This ensures that employees' concerns regarding health, safety, and the working environment are communicated promptly and incorporated into the company's routine risk management and continuous improvement system, fostering a safety culture characterized by full employee participation and closed-loop governance.

Metric and Target

Longcheer formulates and continuously optimizes the *Environmental, Occupational Health and Safety, and CSR Objectives, Targets, and Management Programs*, clearly defining annual key safety indicators. Guided by these objectives, it continuously improves health and safety performance during operations, creating a safe, healthy, and sustainable working environment for employees.

Our Targets	Our Progress
Major safety incidents: 0	In 2025, the company had 0 major safety accidents
Occupational disease cases: 0	In 2025, the company had 0 occurrences of occupational diseases
Chemical leakage incidents: 0	In 2025, the company had 0 chemical spill incidents

Empowering Employee Development

The company consistently regards talent as the core driver of enterprise growth. By systematically building a comprehensive human resource management system that covers talent acquisition, career development, training & empowerment, and compensation incentives, we are committed to creating a fair, open, and sustainable talent ecosystem. This system continuously stimulates organizational vitality and supports the achievement of corporate strategic goals and long-term development.

Strengthening Talent Acquisition

Enhancing Talent Planning

To continuously align with the company's business strategy and future development needs, we have established a systematic and forward-looking talent acquisition and reserve system. By integrating industry insights, business forecasts, and organizational analysis, we scientifically plan our talent layout to support sustainable organizational growth.

The company regularly conducts industry trend research, systematically collecting and analyzing industry reports, policy developments, and market information to continuously track technological evolution and job market changes within the consumer electronics sector. Meanwhile, based on strategic planning and business growth targets, we forecast future talent demand using historical data and in-depth analysis of key employee turnover factors, proactively arranging supplementary recruitment to ensure a continuous and stable supply of talent.

Expanding Recruiting Channels

Beyond conventional recruitment platforms and executive search firms, Longcheer actively expands diversified talent acquisition channels, including government-enterprise collaboration and university-enterprise partnerships.

Through collaborating with multiple universities to build training bases, we continuously promote the deep integration of industry and education, share teaching resources, and co-develop specialized programs, alongside establishing special corporate scholarship programs. In 2025, Longcheer continued its scholarship programs with six universities, including Zhejiang University and Nanchang University, while adding five new higher education institutions such as Shenzhen University and Hefei University of Technology, to encourage outstanding students to enhance their professional capabilities and academic standards.

Shanghai Longcheer Scholarship Award Ceremony

In addition, the company has partnered with the Employment Promotion Center of Xuhui District, Shanghai to establish an employment internship base, set up training bases in Nanchang and Luoyang, and jointly built a Longcheer sector training base with universities in Nanchang, gradually establishing a systematic, multi-tiered talent reserve and cultivation system.

Nanchang Longcheer University-Enterprise Cooperation Plaque Unveiling Ceremony

Longcheer Huizhou Collaboration Event with a Technical School

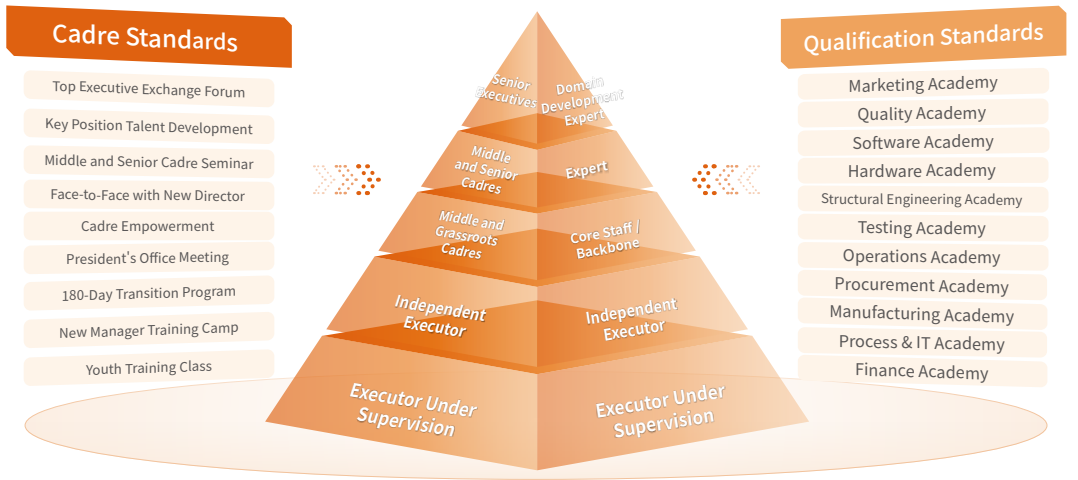
To support global business expansion, the company's recruitment team has actively advanced the development of localized recruitment channels overseas. By leveraging international job platforms such as LinkedIn and Jobstreet for talent sourcing, and participating in overseas university career programs, we ensure timely talent supply and pipeline across all regions.

Employee Career Development

Broadening Development Paths

Longcheer is committed to building a systematic, multi-channel career development system for its employees. By establishing a "dual-track development path" that runs parallel management and professional sequences, it provides clear growth directions and diverse development spaces for employees with different characteristics and aspirations.

Longcheer has established a three-level job classification standard based on "family, category, and sub-category," systematically planning both the management channel and the professional technical channel. After joining, employees can gradually grow into business backbone within the professional channel, and then continue to advance towards becoming domain experts or professional development experts. For employees who demonstrate management potential, Longcheer appoints them to management positions through a selection mechanism. With specialized support such as new cadre training programs and cadre culture seminars, it helps them successfully transition from independent contributors to qualified team managers.



Longcheer's Dual Career Development Path

To promote fairness and transparency in development paths, Longcheer has formulated and implemented the *Person-Post Matching Management System*, establishing a dynamic job level review mechanism centered on responsibility and contribution. The company implements a qualification system where employees can apply for certification from Level 1 to Level 6 based on their personal development plans, with assessments conducted by the Expert Committee through evaluation or defense. Each level corresponds to clear role positioning, capability requirements, and contribution standards, forming a progressive development ladder from basic execution to strategic leadership.

In 2025, Longcheer systematically optimized its promotion policies by releasing the *2025 Annual Work Arrangement for Person-Post Matching Review*, further clarifying the promotion conditions, standards, and review processes for management, professional technical, and support positions. The new policy strengthens the connection between the qualification system and business strategy, promoting a promotion mechanism that is more contribution-oriented, procedurally standardized, and continuously iterative, providing institutional guarantees and development momentum for employee career growth.

2025 marks the second year of the official implementation of Longcheer's qualification management system. All core construction indicators have comprehensively exceeded expected targets, achieving a significant improvement in system maturity:

Standard Development Rate: For 160 key positions with 10 or more incumbents, Longcheer systematically developed and published 153 qualification standards. Standards for 6 newly added positions in the manufacturing cluster's automation equipment category and the Structural R&D - Structural PM position are currently in progress. Ultimately, a 96% standard development rate was achieved, significantly exceeding the initial target of 90% set at the beginning of the year.

Certification coverage: Based on 5,666 professional technical and middle-level grassroots cadres on duty at the beginning of 2025, certification applications increased from 1,198 person-times in 2024 to 2,436 person-times in 2025, totaling 3,634 person-times over the two-year period, with a certification coverage rate of 64%, exceeding the annual target of 50%.

Certification Quality: In 2025, the certification pass rate remained high at 93%, with an overall cumulative pass rate of 79%, fully demonstrating the scientific and efficient nature of the certification process.

The company will continuously optimize the qualification certification mechanism and further refine the career development system while maintaining high coverage.

96%

Standard Development Rate

Job Qualification Standard Development Rate
Total number of positions: 193
Positions with 10 or more incumbents: 160
Developed job qualification standards: 153
PM：Under development: 6 new positions in manufacturing automation equipment, Structural R&D - Structural PM
2025 Target: 90%

64%

Certification Coverage Rate

Qualification certification coverage rate：
Scope: Technical professionals + Middle and Junior-level managers
Number of employees on board at the beginning of 2025: 5,666
Number of applicants for certification in 2024: 1,198
Number of applicants for certification in 2025: 2,436
2025 target: 50%

Promoting Internal Mobility

Longcheer continuously broadens employee growth paths and stimulates overall organizational vitality by building a systematic talent development mechanism and an institutionalized internal mobility platform. The company encourages employees to actively participate in cross-departmental projects and job rotations, accumulating composite experience and enhancing comprehensive capabilities through a "training and practice integrated" model. To promote talent information transparency and mobility autonomy, Longcheer regularly publishes job vacancy information through internal recruitment platforms, emails, and other channels, supporting eligible employees to apply independently and facilitating the orderly flow of talent within the organization.

Since 2023, Longcheer has officially implemented the "Fresh Water Program," establishing a systematic internal transfer mechanism. This program aims to guide employees to prioritize internal opportunities when considering career changes, promoting optimal allocation of human resources and expanding employee development space. The process encompasses job posting, employee application, coordination and evaluation between the original department and target department, cross-departmental interviews, and tripartite approval, ensuring a fair, standardized, and transparent mobility process. In 2025, Longcheer successfully achieved internal transfers for 24 employees through the "Fresh Water Program," effectively promoting dynamic matching between talent and positions, and enhancing organizational vitality and employee retention rates.

Employee Training and Empowerment

Training System Construction

To support the company's strategic development and talent capability enhancement needs, Longcheer has built a systematic, multi-level training system. Through Longcheer Academy and its subordinate professional academies—including Software, Hardware, Operations, Manufacturing, Quality, and Finance Academies—it systematically conducts new employee integration, cadre capability advancement, and professional talent development programs. These initiatives pass on the corporate culture and core values, forge key capabilities that match business development needs, and continuously cultivate and supply talent for the company's main business channels.

Operating around the training system, Longcheer has established a management mechanism supported by three core systems:

New Employee Onboarding Guidance Policy	Targeting the differentiated characteristics of social recruits and campus recruits, this policy defines a systematic onboarding process covering aspects such as system orientation, cultural integration, job learning, mentor assignment, and probation period care, assisting new employees in rapid integration and growth.
Cadre Learning and Development Guidance Policy	This policy establishes a tiered learning system covering senior, middle-senior, and middle-grassroots level cadres. It implements the principles of "self-development, development through practice, combining training with practice, and promoting learning through assessment," and makes learning outcomes a necessary condition for cadre promotion and incentives.
Professional Academy Operation and Management Guidance Policy	This policy standardizes the establishment, organization, operation, and assessment mechanisms of various professional academies, ensuring the continuous development of learning resources in professional fields and the quality of training implementation.

In terms of supporting mechanisms, Longcheer has formulated a series of standardized processes, including the *Training Operation Management Process, Internal Trainer Management Process*, and *Business Mentor Management Process*, ensuring the orderly operation of all aspects of training.

In 2025, Longcheer's learning platform continuously enriched its course resources, with 1,087 new courses released throughout the year, bringing the total number of courses on the platform to 3,884. The content covers multiple categories including corporate culture, management, research and development, general skills, and processes and systems. Employee learning activity steadily improved, with an average weekly learning duration reaching 120 minutes, gradually forming a learning organization atmosphere characterized by full employee participation and continuous improvement.

Targeted and Precision Empowerment

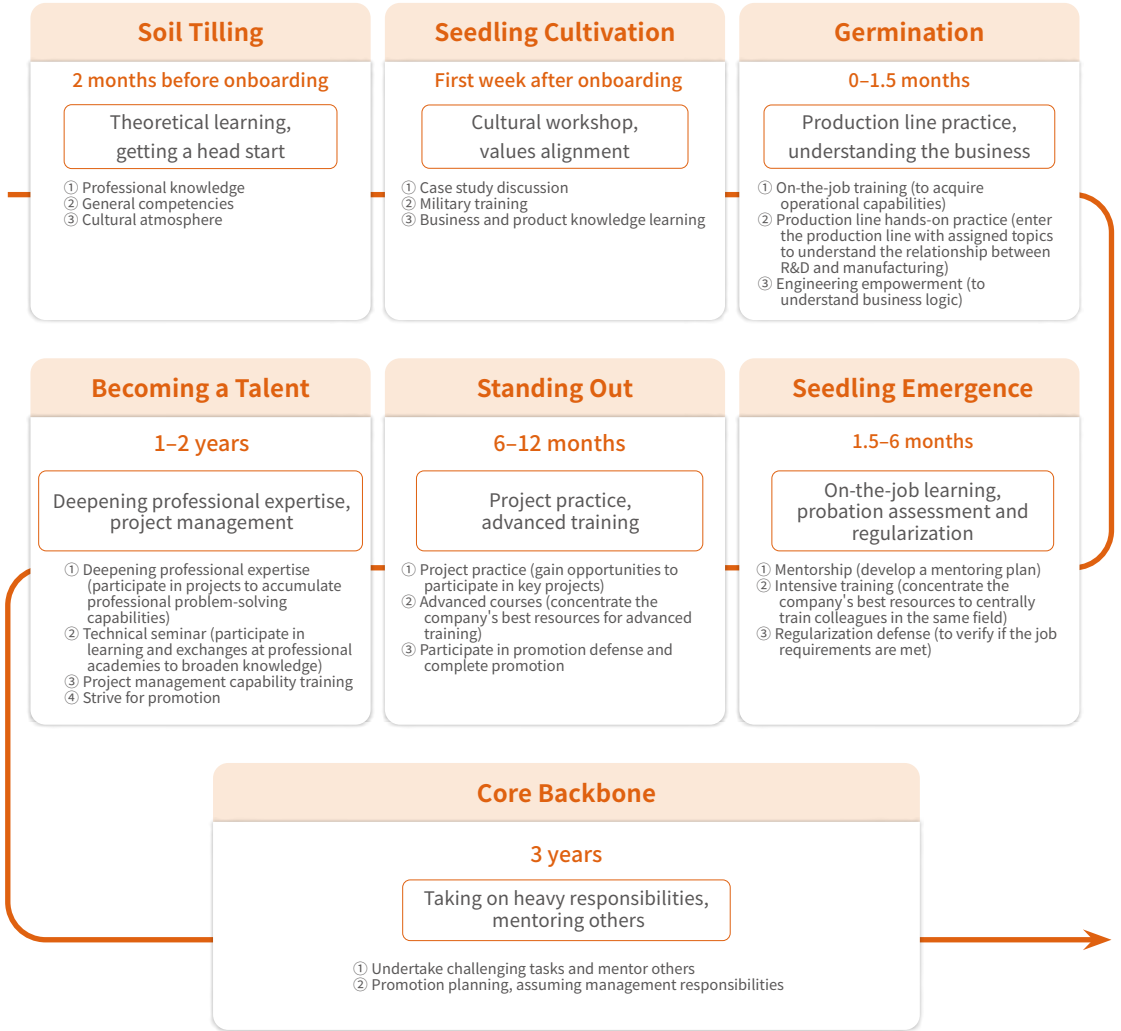
Longcheer has established a systematic training plan with layered classification and precision empowerment, designing differentiated development paths for different employee groups to support the continuous improvement of talent capabilities and the effective implementation of organizational strategy.

New Employee Development

For socially recruited new employees, Longcheer implements an "Integration Plan," covering aspects such as onboarding policy orientation, online compulsory course learning and assessment (including 8 courses covering CSR, Quality, Safety, etc.), and offline centralized cultural seminars. Each new hire is also assigned a business mentor who provides guidance throughout the probation period, helping them quickly adapt to their roles.

For campus-recruited graduates, Longcheer conducts a systematic three-year development program called the "Little Sun Plan." The "Little Sun Plan" integrates job experience, project practice, specialized training, and mentor guidance to systematically enhance the comprehensive quality and professional capabilities of the new generation of employees. This continuously supplies Longcheer with backbone talents who identify with the corporate culture, are competent in their positions, and are future-oriented.

2025 Little Sun Cultural Orientation and Production Line Training



Longcheer Little Sun Development Plan

On-the-Job Employee Development

Longcheer has built a tiered cadre learning system covering senior, middle-senior, and middle-grassroots levels. Through formats such as cultural seminars, management practice sessions, and policy interpretations, it continuously enhances the cadre team's capabilities in strategic understanding, team management, and performance achievement.

Each professional academy organizes an average of no fewer than 3 specialized training sessions per month centered around the qualification system, continuously updating and delivering course resources in key areas such as research and development, manufacturing, and quality, supporting the iterative improvement of employees' professional capabilities.

Global Talent Development

To support the implementation of Longcheer's globalization strategy and deepen the localized operations and cross-cultural collaboration effectiveness of its overseas manufacturing bases, the company systematically carries out targeted training programs. It focuses on building a global talent empowerment system integrating "language proficiency, cultural understanding, and management collaboration," continuously providing solid talent support for the in-depth advancement of the company's internationalization strategy.

Specialized Development for Front-Line Managers at Manufacturing Bases

Longcheer has established a front-line manager development system at its manufacturing bases, covering positions such as multi-skilled workers, team leaders, and production supervisors. This system is divided into two categories: promotion training and empowerment training.

Promotion Training

Reserve training camps for multi-skilled workers, team leaders, and production supervisors are conducted quarterly. Through a combination of "theoretical instruction + return-to-post practice," the company systematically cultivates reserve talent. The Nanchang Base has completed multiple sessions, successfully cultivating a total of 73 qualified reserve multi-skilled workers, 85 reserve team leaders, and 63 reserve production supervisors.

Empowerment Training

Specialized training sessions are conducted on topics such as management communication and professional skills. In 2025, the Huizhou Base organized a total of 8 special training sessions, covering 316 people, with a qualified assessment rate of 88.6%. Concurrently, 13 courses were developed and iterated upon, establishing a closed-loop training mechanism of "inventory—training—assessment—empowerment." Additionally, the base organized outdoor team building activities for team leaders, with a participation rate of 98% and a satisfaction score of 4.67.

Reserve and Promotion Mechanism

Through 5 sessions of reserve team leader training, the Huizhou Base has cumulatively cultivated 228 qualified reserve talents, with 97 employees promoted internally, achieving an internal promotion rate of 42%. By optimizing selection criteria, the proportion of team leaders with high school education or above increased from 54% to 73% in 2025, achieving continuous optimization of the front-line management team with improvements in both "quantity and quality."

Cross-Cultural Language Empowerment Program at Vietnam Manufacturing Base

Starting in October 2025, Longcheer launched the "Sino-Vietnamese Language and Cultural Integration Empowerment Program" at its Vietnam manufacturing base. The program provides Vietnamese language instruction for Chinese employees and Chinese language training for Vietnamese key personnel. Taught by internal instructors with bilingual capabilities, the curriculum is developed based on real-world scenarios such as production meetings and quality reviews, strengthening practical application through small class instruction and situational simulations. The courses also integrate cultural knowledge and business etiquette, with regular exchange salons organized to promote understanding and mutual trust. Since the program's implementation, employee efficiency in daily communication, production coordination, and cross-language meetings has significantly improved.

Employee Compensation and Incentives

Fair Compensation Management

In its compensation management, Longcheer consistently upholds the core value of "contributor-oriented" and adheres to the compensation philosophy based on responsibility and contribution. The compensation system is fundamentally based on job responsibilities, performance contributions, and sustained contribution capabilities. Compensation is dynamically reviewed and reasonably adjusted according to employees' position changes, grade adjustments, and actual contributions, continuously motivating employees to create greater value.

Longcheer's compensation structure is built upon a scientifically formulated salary framework. This framework is designed by the HR system based on the company's strategy, talent strategy, and external market compensation levels, and is reviewed and optimized annually. Both initial salary determination and salary adjustments are strictly implemented in accordance with this salary framework, ensuring standardized and systematic management.

High-Performance Orientation

Based on the responsibilities undertaken by employees and their continuous contributions in their respective positions, reasonable rewards are provided.

Total Reward Perspective

Rewards are based on the total reward perspective, which includes salaries, bonuses, equity incentives, and special welfare subsidies related to position responsibilities.

Differentiated Management

Differentiated management is adopted for position changes of different natures and employee groups with different contribution characteristics in their positions.

Dynamic Review

Taking responsibility and contribution as the value driver, the employee's rewards are dynamically reviewed based on position changes and job competence, with adjustments made accordingly (rewards can be increased or decreased).

Longcheer Compensation Management Principles

Our Target	Our Progress
Prohibit paying employees below the local minimum wage standard	In 2025, 100% compliance achieved for all employees' wages

Strengthening Performance Incentives

Adhering to the core value of "contributor-oriented," Longcheer has built a full-cycle, multi-level performance management system. Through a closed-loop mechanism encompassing goal setting, process tracking, evaluation feedback, and results application, it continuously stimulates organizational and employee vitality, driving the effective implementation of strategic objectives.

The company establishes differentiated evaluation cycles based on job characteristics, including quarterly, semi-annual, and annual assessments, and has established a diversified incentive system that closely links performance results with rewards:

- Annual Performance Bonus: Distributed based on organizational value contribution and individual performance, with preference given to high performers.
- Project Bonus: Provides timely incentives to project teams during implementation, holding them accountable for business results and capability building.
- Sales Breakthrough Award: Incentivizes breakthroughs from 0 to 1 in new customers and new product categories.
- Monthly/Quarterly Performance Award: Applicable to operational positions in manufacturing and non-operational positions respectively, achieving short-term timely incentives.
- Medium to Long-Term Incentives: Through equity incentive plans, promotes joint growth of middle and senior-level cadres and core backbone employees alongside the company.

Performance evaluation follows seven key stages: "Goal Setting, Process Coaching, Performance Evaluation, Result Announcement, Communication Feedback, Improvement Enhancement, and Performance Appeal," achieving process-oriented and transparent management. In 2025, Longcheer conducted comprehensive performance evaluations for 6,953 office employees, ensuring full participation and complete coverage.

To promote performance communication and continuous improvement, the company has established a feedback mechanism primarily based on one-on-one interviews, along with multiple feedback channels. For suggestions raised by employees, Longcheer systematically reviews and drives corrective actions, forming a closed loop.

In 2025, Longcheer collected 571 employee suggestions through special surveys. Focusing on key issues such as goal clarity, process fairness, and coaching support, the company promoted a series of optimization initiatives including establishing a quantitative indicator library, conducting manager empowerment training, and improving calibration mechanisms. These efforts continuously advance the performance management system towards an "empowering and developmental" model.

Corporate Caring and Benefit

Longcheer consistently prioritizes employee well-being as a cornerstone of corporate development. By systematically establishing a comprehensive benefits and activities system that covers security support, health management, diverse care initiatives, and assistance for those in need, we are committed to fostering a balanced, warm, and vibrant working environment, continuously enhancing employees' sense of belonging and organizational cohesion.

Improving Employee Benefits

Building Benefits System

On the basis of complying with national laws and regulations, the company continuously improves its management systems and benefits structure by integrating company realities with employee needs, striving to provide comprehensive, multi-layered protection and support for employees' career development and work-life balance.

Basic Security and Work Support

- The company legally contributes to employees' endowment, medical, unemployment, work-related injury, and maternity insurance programs, as well as the housing provident fund.
- The company implements the various leave systems stipulated by the state, providing eligible employees with maternity leave, parenting leave, and lactation leave in accordance with relevant national and local regulations.
- Transportation, meal, and business travel allowances are provided according to job nature and local policies. The company also assists eligible personnel in applying for talent apartments and other housing support to effectively alleviate living pressures.

Multi-layered Health Security System

- The company provides pre-employment physical examinations for new hires and annual health checks for all employees.
- A commercial insurance system has been established, covering supplementary medical insurance, accident insurance, overseas business travel insurance, and overseas dispatch insurance, building multiple layers of health and safety protection for employees.
- Regular health seminars and traditional Chinese medicine consultations are organized to further help employees establish health awareness and master the knowledge and methods for maintaining physical and mental well-being.

Diverse Care Initiatives and Facility Support

- Sports facilities such as basketball courts, badminton courts, and table tennis tables are available on-site, along with employee lounges and pantries to meet the needs for leisure and rest.
- An Employee Shared Service Center and an Employee Joint Mediation Center have been established within the park to provide one-stop support for personnel matters, attendance, accommodation, and logistics.
- The residential area is equipped with comprehensive life service facilities covering laundries, clinics, barbershops, electric vehicle charging sheds, maternity rooms, supermarkets, and food courts, significantly enhancing the convenience of working and living on-site.
- The company continuously optimizes annual festival gifts and has introduced new activities such as "Corporate Family Day" to constantly strengthen employees' sense of belonging and happiness.

Diverse Facilities

Outdoor Basketball Court

Indoor Basketball Court

Fitness Equipment

Clinic

Assistance for Employees in Need

The company consistently upholds the philosophy of humanistic care, actively establishing and implementing a support mechanism for employees in difficulty, providing timely and effective assistance through institutionalized and regular care initiatives.

To systematically support employees and their families facing financial hardship due to serious illness or sudden accidents, the company has specifically established the "Longcheer Cares Fund". This fund is available to employees of Longcheer Group and their spouses and children, providing emergency financial aid to families facing economic distress due to conditions such as malignant tumors, severe accidents, or sudden critical situations. In 2025, the company completed one application and disbursement under this fund, effectively alleviating the temporary difficulties faced by an employee's family.

Enriching Staff Life

The company always pays close attention to the balance between work and life, committed to building an organizational atmosphere that is vibrant, warm, and cohesive. We systematically plan and continuously carry out diversified employee activities, primarily categorized into the following three types:

Business Operations Activities

Longcheer regularly organizes meetings with the President's Office, executive cultural co-creation seminars, strategic promotional meetings, and company-level honor selection events. These activities aim to align strategic understanding across the organization, deepen cultural identity, and stimulate organizational vitality. By facilitating high-level interactions to ensure effective strategic penetration and relying on the honor system to drive performance improvement, we ultimately form a unified operational synergy to strongly support the achievement of the company's strategic goals.

Business Operations Activities

Executive Face-to-Face Session (Shenzhen)

Company-wide Commendation Conference (Shanghai)

Care & Benefits Activities

We continuously organize employee birthday parties, festival-themed care initiatives, and daily heartwarming local activities, committed to deepening the emotional connection between the company and employees, and enhancing their sense of belonging and organizational identification. At Longcheer, every important moment is imbued with a sense of ceremony. The company injects fun and warmth into the workplace through the organic integration of culture and festivals, conveying happiness and positive energy, and creating beautiful and memorable collective memories for our employees.

Care & Benefits Activities

Mid-Autumn Themed Birthday Party (Huizhou)

Quarterly Birthday Party (Hefei)

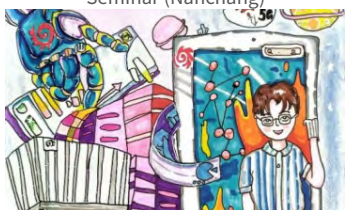
1024 Offline Challenge Event (Shanghai)

Christmas Event (Nanchang)

International Women's Day Health Seminar (Nanchang)

New Year Studio Photoshoot (Shanghai)

Family Day at Longcheer (Nanchang)


First-Prize Winning Entry: Children's Painting Contest (Online Event)

Cultural & Sports Activities

To enrich employees' spared lives, the company has established 28 employee interest associations across its six bases, covering football, basketball, badminton, table tennis, yoga, photography, and more, providing special funding support to encourage independent activity organization. Every year, these associations and employees spontaneously organize a variety of sports events, including basketball leagues, badminton tournaments, and city health challenges. These exciting activities not only promote communication and interaction among employees but also help cultivate healthy hobbies and expand interpersonal networks, continuously enhancing team cohesion and organizational vitality.

Cultural & Sports Activities

23 Miles City Health Challenge (Shanghai)

Flag&Heart PK Tournament (Shenzhen)

Basketball Champions Tournament (Shanghai)

Corporate Men's Basketball League (Huizhou)

Badminton Team Championship (Hefei)

Table Tennis Tournament (Shanghai)

Photography Competition (Huizhou)

K-Olympian Singing Contest (Huizhou)

Advancing Responsible Sourcing

Strengthening Supply Chain Resilience

To build a robust and sustainable supply chain system, Longcheer has established a systematic management mechanism that covers the entire lifecycle of suppliers. By optimizing process systems, strengthening audits and quality control, and systematically implementing risk prevention and control, the company is committed to continuously enhancing the overall resilience, responsibility, and collaborative efficiency of the supply chain, providing a solid foundation for sustainable business development.

End-to-End Supplier Management

Improving Management Processes

We have built a systematic, full-cycle supplier management system. This system forms a complete closed loop, covering everything from resource onboarding and certification assessments to performance tracking and relationship offboarding, aiming to achieve continuous supply chain optimization and stable operations. This system revolves around six core processes:

Managing the Supplier Resource Pool

Strategically planning, reserving, and updating potential and existing supplier resources to provide strategic support for supply chain layout.

Managing Supplier Relationships

Establishing regular communication and cooperation mechanisms to promote information sharing, collaborative problem-solving, and relationship deepening, building long-term, mutually beneficial partnerships.

Managing Supplier Certification

Ensuring that new suppliers meet the company's requirements regarding quality, compliance, and social responsibility through standardized audits and multi-dimensional evaluations.

Managing Supplier Performance

Conducting regular evaluations based on Key Performance Indicators (KPIs) to drive continuous improvement from suppliers in areas such as quality, delivery, service, cost, and sustainable development.

Managing Material Selection

Collaborating with R&D and procurement to promote the scientific nature and consistency of material selection based on criteria such as technology, cost, and sustainability.

Managing Supplier Exit

Developing and executing standardized supplier exit mechanisms to ensure a smooth business transition and controllable supply chain risks.

Strengthening Supplier Audits

Longcheer has established a routine, standardized audit mechanism covering both new and existing suppliers, systematically ensuring supply chain compliance and stability, and continuously improving overall supply quality and responsibility performance.

For new supplier onboarding audits, we strictly follow the *Supplier Certification Management* process. Using category-specific checklists, we conduct multi-dimensional assessments, including the *Fabrication/Mechatronic Parts Supplier Quality Process Audit Checklist*, *Quality System Audit Checklist*, *Hazardous Substance Process Management Checklist*, and *Corporate Social Responsibility Checklist*, to comprehensively review supplier capabilities.

In 2025, the company completed audits of new suppliers in the structural and electromechanical categories, totaling

58

Pass rate of rectification items

100%

For existing suppliers, the company conducts annual surveillance audits using standardized inspection tools aligned with new product audits, covering quality systems, process control, hazardous substance management, and social responsibility, in accordance with the Supplier Audit Management Procedure. This ensures consistency, comprehensiveness, and continuity of the evaluation system.

In 2025, the company completed audits of cooperative suppliers in the structural and electromechanical categories, totaling

102

Pass rate of rectification items

100%

Enhancing Supplier Quality

Longcheer has established a systematic, end-to-end supplier quality management system. Centered on the core principles of "meeting customer standards, ensuring material quality, and guaranteeing supply stability," we continuously drive supplier capability improvement and closed-loop quality management.

At the organizational and process level, the company empowers supplier quality system construction through specialized control mechanisms. We continuously optimize our internal organizational structure, process standards, and personnel capabilities to build a highly efficient, collaborative quality management team, providing customers with stable and reliable product and service support.

Project Initiation Phase	The Supplier Quality Management (SQM) team intervenes to sort out requirements, identify risks, and formulate plans. An Initiation Meeting Report is generated to promote internal collaboration.
During the development and validation phase	The Supplier Quality Management responsible person and Procurement Technology Certification Engineer monitor supplier execution and track the completion status of deliverables based on quality planning requirements. This includes key quality control points such as phase-in yield, process documentation, and reliability testing. They also conduct phase reviews and implement closed-loop management for high-risk materials.
Mass Production Ramp-up Phase	The company continuously monitors supplier mass production yields and tracks the analysis and improvement of EWP material issues, establishing a closed-loop mechanism for problem identification, rectification, and verification.
Stable Production Phase	The execution of quality management activities across all stages is systematically reviewed. Shortcomings in the project process are deeply examined and analyzed for root causes. Finally, a *Project Summary Meeting Report* is generated to institutionalize quality management experience and continuously optimize processes.

Mitigating Supply Chain Risks

Risk Control Process

The company has established a forward-looking, systematic risk control mechanism to identify, assess, and respond to risks throughout the entire process of supplier onboarding, procurement execution, and incident management. Through a full-chain risk control system that spans pre-event, in-process, and post-event stages, we continuously enhance the transparency, controllability, and resilience of the supply chain, providing a solid guarantee for business continuity and sustainability.

We establish strict onboarding standards, treating operational risk as one of the key audit dimensions. Suppliers assessed as Grade F in financial risk are subject to a "one-vote veto" and are not permitted to join, thereby controlling cooperation risks at the source.

Longcheer utilizes a risk quantification assessment model to systematically identify potential risks during business execution. This model covers the failure impacts that risk events may cause, risk level ratings, and is accompanied by corresponding risk response strategies and improvement contingency plans, ensuring risks are foreseeable, controllable, and manageable.

Furthermore, the company formulates and implements the *Management of Unexpected Emergencies Process*, establishing a standardized response mechanism for potential emergencies in the supply chain. This includes rapid risk identification, emergency plan activation, collaborative handling, and post-event review and improvement, enhancing the organization's resilience and recovery capabilities in uncertain environments.

Logistics Risk Management

To address various uncertainties in logistics and transportation, the company has established a systematic transportation safety management mechanism. By combining institutional standards, process monitoring, and risk contingency plans, we comprehensively enhance the stability and risk resistance of supply chain logistics.

Guided by the *Management of Transportation Execution* framework, the company formulates and publishes the *Transportation Safety Control Specification*, implementing standardized control over the entire transportation chain. This specification covers all links from loading and departure, in-transit transportation, to final delivery. It explicitly requires real-time GPS monitoring throughout the entire journey and photo documentation before and after delivery, ensuring goods status is traceable and handover processes are compliant and controllable, effectively preventing goods delivery risks.

The company continuously builds a localized procurement network to reduce geopolitical risks and enhance supply chain resilience. During the reporting period, the localization rate of procurement at the Vietnam factory increased to 60%.

In response to external risks such as extreme weather and geopolitical issues, Longcheer continuously improves its emergency plans and early warning response mechanisms. By dynamically assessing the transportation environment, optimizing route planning, and strengthening carrier collaboration, we enhance our ability to respond to emergencies, ensuring the safety and timeliness of logistics channels and supporting the overall stable operation of the our supply chain.

Advancing Responsible Procurement

To systematically build a sustainable and responsible end-to-end management system, the company has incorporated supplier CSR management into its strategic governance framework. By clarifying responsibilities, conducting risk and opportunity identification, promoting code of conduct compliance and capability building, and establishing routine communication, feedback, and performance evaluation mechanisms, we continuously drive collaborative improvements in environmental, social, and governance (ESG) performance across the supply chain.

Governance

Longcheer has established a clear supplier CSR management governance structure. The procurement system is fully responsible for social responsibility compliance and performance management throughout the supplier process, while the Quality Department assists in supplier capability building and accountability empowerment. This forms a responsibility implementation mechanism with clear authority and coordinated collaboration.

Strategy

Risk and Opportunity Identification

The company continuously conducts risk and opportunity identification regarding supplier CSR management. By building a forward-looking management framework, we solidify the baseline of responsibility through risk prevention and control, while enhancing the long-term value of the supply chain by seizing opportunities.

Longcheer Responsible Procurement Risk and Opportunity Analysis

Category	Description	Impact Cycle	Impact Level	Potential Financial Impact	Actions
Risk	Non-compliance by suppliers in areas such as environmental protection and labor rights may trigger supply chain disruptions and damage to brand reputation.	Short-erm Medium-term	High	Decrease in Operating Revenue Reduction in Net Profit	By establishing a supplier audit and responsibility agreement system that covers the entire lifecycle, incorporating CSR compliance into the admission criteria and performance red lines, and implementing a tiered reporting mechanism to promptly manage abnormalities.
	Some suppliers lack CSR management capabilities and may be unable to adapt to increasingly stringent policies and customer requirements.	Medium-term	Medium	Rising procurement costs	Conduct regular CSR-specific training and capability building covering environmental protection, labor practices, and business ethics to enhance suppliers' overall responsibility performance.
Opportunity	Promoting green and compliant supply chains helps gain greater recognition from international customers and the capital market.	Medium-term Long-term	High	Revenue growth	Incorporating green procurement and conflict minerals management into the Supplier Code of Conduct and performance evaluations enhances supply chain credibility and market competitiveness.

Risk and Opportunity Response

Establishment of a Code of Conduct

The company formulates and publicly releases a *Supplier Code of Conduct*, clearly defining standards and requirements regarding labor rights, health and safety, environmental protection, business ethics, and supply chain social responsibility management. By establishing non-negotiable red-line provisions, it provides suppliers with clear action guidelines and a compliance basis for fulfilling their responsibilities.

Strict Supplier Onboarding Management

The company strictly implements supplier onboarding and dynamic performance management, incorporating corporate social responsibility (CSR) compliance requirements into the supplier performance evaluation system. If a supplier violates CSR regulations, its performance rating will be directly downgraded to Level D and placed on a blacklist. This measure strengthens the ethical and compliance baseline of the supply chain, ensuring partner alignment with the company's responsibility principles.

Enhanced Supplier Training

Longcheer continuously empowers its partners through systematic and specialized CSR training programs, promoting a deeper understanding and improved practices in the fields of social responsibility and sustainable development.

2025 Supplier Environmental Protection Training Conference

In November 2025, Longcheer held an environmental protection themed training conference for all suppliers. The training systematically interpreted domestic and international environmental regulations, conducted an in-depth analysis of typical penalty cases from the European Union, and clarified Longcheer's own environmental management requirements. By combining industry best practices with on-site assessments, the event effectively enhanced suppliers' awareness of environmental compliance and their ability to fulfill responsibilities. The activity covered 337 supplier partners, further promoting the overall improvement of environmental management standards across the supply chain and strengthening the collaborative development of a green supply chain.

Impact, Risk and Opportunity Management

Longcheer is committed to building a transparent and responsible supply chain management system. We require suppliers to proactively report any CSR/ESG management abnormalities. Concurrently, our internal SQM and resource development teams are responsible for the initial verification. To ensure the authority and effectiveness of risk management, Longcheer has implemented a tiered decision-making mechanism based on risk levels: significant ESG matters that exceed routine authority are escalated level by level along the established escalation management channel until the issue is closed. This approach ensures that sustainability risks within the supply chain remain under the strict monitoring of the organization and the supervision of top management.

Simultaneously, the company places great importance on two-way interaction and oversight with stakeholders, striving to build an open and transparent communication feedback mechanism. We encourage internal employees, suppliers, and other external stakeholders to submit inquiries, report issues, or express concerns regarding supply chain responsibility through official channels. The company initiates a dedicated investigation and response process for all good-faith feedback, ensuring every comment is taken seriously and handled to closure. Together, we aim to continuously optimize supply chain responsibility governance.

Metrics and Targets

Centered on supply chain sustainability and responsibility governance, the company has established a systematic Key Performance Indicator (KPI) framework. Spanning multi-dimensional objectives—including supplier onboarding, compliance management, responsibility capability building, and internal collaboration—this system drives the continuous deepening of supply chain responsibility management.

Targets	Our Progress
100% sign-off rate for the *Supplier Corporate Social Responsibility Agreement*.	In 2025, **100%** of suppliers signed the *Supplier Corporate Social Responsibility Agreement*.
100% sign-off rate for the Supplier Integrity and Clean Business Cooperation Agreement	In 2025, **100%** of suppliers signed the *Integrity Cooperation Agreement* in 2025
100% social responsibility audit coverage for key raw material suppliers	In 2025, **100%** of Key Raw Material Suppliers Audited for Social Responsibility in 2025
Number of sustainable procurement-related training sessions for core suppliers ≥ **1** time/year	In 2025, **1** sustainable procurement-related training session was conducted for core suppliers.
Sustainability procurement training frequency (internal procurement staff): ≥ **1** session/year	In 2025, **1** training session on sustainable procurement topics was conducted for internal procurement and related personnel.

Conflict Minerals Management

Longcheer is firmly committed to promoting responsible supply chain management. We strictly adhere to international standards such as the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, the Responsible Minerals Initiative (RMI), and the Responsible Business Alliance (RBA) Code of Conduct, as well as local laws and regulations. We pledge not to support or use minerals illegally mined in conflict-affected and high-risk areas, and to eliminate the direct or indirect financing of conflict, while actively supporting the relevant initiatives of the RBA and the Global e-Sustainability Initiative (GeSI) regarding conflict minerals governance.

The company has established and implemented the *Supplier Conflict Minerals Management Specification*, systematically building a supplier management system that requires all partner manufacturers to sign a *Letter of Commitment on Non-Use of Conflict Minerals*, thereby driving the entire supply chain to meet the requirements of ethical procurement and sustainable development.

In 2025, the company conducted a specialized due diligence investigation on 550 direct suppliers, requiring them to provide CMRT/EMRT reports compliant with RMI requirements as the core basis for tracing mineral origins. By systematically aggregating and analyzing smelter information within the supply chain and comparing it against the RMI's published compliant origin database, the company achieved traceability and verifiability of mineral sources. The annual survey results showed that the raw materials used in the company's supply chain do not involve conflict minerals.

Targets	Our Progress
Maintain a **100%** compliance rate for conflict minerals due diligence	**100%** survey coverage for conflict minerals among Tier **1** suppliers

Exemplary Corporate Citizenship

Empowering Rural Development through Ecosystem Initiatives

The company actively responds to national initiatives, continuously allocating resources to support rural revitalization. Through multi-dimensional measures such as educational assistance, ecological conservation, and infrastructure improvement, we provide practical support for the comprehensive development of rural areas, injecting sustained momentum into rural revitalization.

Empowerment through Education

The company maintains long-term focus and continuous investment in educational public welfare, committed to supporting rural revitalization and talent cultivation through educational empowerment.

In terms of basic education support, the company focuses on improving educational resources in rural areas and helping enhance the quality of rural education. For three consecutive years, the company has carried out a refurbished computer donation program in the eastern, western, and northern regions of Guangdong Province. In 2025, it donated 78 units of teaching equipment, helping multiple rural schools establish computer labs, promoting the development of educational informatization in rural areas, and effectively increasing the rate of computer course offerings and teaching quality in rural schools.

Certificate of Saxaul Tree Donation for Alxa

Ecological Revitalization

Actively responding to the call for ecological civilization construction, Longcheer deeply participates in the coordinated development of ecological conservation and rural revitalization. We continuously rely on the public welfare project "10 Yuan to Green the Alxa Desert," utilizing large-scale artificial afforestation to assist in desertification control and ecological restoration. In 2025, we secured the planting of 5,000 Saxaul trees in the Alxa region of Inner Mongolia, planning to complete the planting in the spring of 2026. This initiative promotes a positive interaction between ecological conservation and rural industrial revitalization, practicing corporate social responsibility through concrete actions and contributing to the green and sustainable development of the region.

Longcheer Alxa Corporate Forest Signage

Infrastructure Renewal

Infrastructure serves as a vital pillar for rural revitalization. In 2025, Longcheer continued its targeted investment in rural infrastructure projects, carrying out facility renovation and improvement works in multiple locations including Guangdong and Yunnan, with a total investment of 100,000 RMB, benefiting over 1,900 local residents.

In Xiqun Village, Henghe Town, Boluo County, Huizhou City, we implemented a village road lighting project, installing 25 new streetlights to practically improve nighttime travel conditions for villagers.

At Taiping Primary School in Taiping Town, Shidian County, Yunnan, the company aided in the construction of a rain shelter for the school canteen, effectively improving campus supporting facilities and contributing to the enhancement of the rural educational environment.

Certificate of Donation for Huizhou Boluo Streetlights

Rain Shelter at Taiping Primary School in Shidian County

Public Welfare and Livelihood Support

Centered on the three pillars of social charity, volunteer services, and care for vulnerable groups, Longcheer continuously carries out diverse social contribution activities. In 2025, these initiatives benefited a total of 255 individuals, effectively conveying the warmth of the company and fulfilling our social responsibilities.

Public Welfare

In 2025, the company partnered with the Hongmei Subdistrict Community in Shanghai to organize a themed event, "Wrapping Wontons for the New Year." We delivered holiday gifts to elderly community members, fostering a warm and harmonious atmosphere for the Spring Festival, and strengthening the positive interactive relationship between the company and the local community.

Hongmei Subdistrict "Wrapping Wontons for the New Year" Event

In 2025, the company provided targeted assistance to two children in need suffering from serious illnesses through the Nanchang Youth Development Foundation, thus continuously upholding the company's tradition of public welfare in medical aid. Furthermore, the company donated 20,000 RMB to the Nanchang Charity Federation, specifically designated to support public welfare initiatives such as aiding students, the elderly, those in difficulty, and children, thereby contributing to the development of regional livelihood endeavors.

Targeted assistance to children with serious illnesses in difficult circumstances:	Donation to Nanchang Charity Federation:
2 children	RMB 20,000

Certificate of Donation to Nanchang Youth Development Foundation

Certificate of Donation to Nanchang Charity Federation

Volunteering Services

In 2025, Longcheer jointly organized a public welfare activity titled "Bringing Warmth in the Cold Winter" with the Police Station of Nanchang High-tech Zone's Photovoltaic Industrial Park. We visited Louchang Village and Zhongshang Village to deliver Spring Festival greetings to people in need. Employee volunteers actively participated, assisting in the transportation of daily necessities such as rice, cooking oil, and nuts, conveying warmth and care through concrete actions.

Nanchang High-tech Zone "Bringing Warmth in the Cold Winter" Campaign

Care for Vulnerable Groups

In 2025, we actively responded to the "Love 365 Star Baby Fund" initiative launched by the Shanghai Minhang District Committee of the Chinese People's Political Consultative Conference. Relying on the "Good People Enjoy Water" charity project for autism assistance, we purchased and donated 100 cases of charity water. The funds raised are exclusively dedicated to supporting the development of Minhang District's assistance system for individuals with autism, providing living care and educational support for these "children of the stars," and promoting the social integration of vulnerable groups.

ESG Key Performance Indicator

ESG Indicators

ESG Indicator	Unit	2025
A Environmental[3]		
Greenhouse Gas Emissions [4]		
Scope 1: Direct Greenhouse Gas Emissions[5]	tCO_2e	4,463.16
Scope 2 Greenhouse Gas Emissions (Market-Based)	tCO_2e	95,954.13
Scope 2 Greenhouse Gas Emissions (Location-Based)	tCO_2e	101,797.9
Scope 3: Other Indirect Greenhouse Gas Emissions	tCO_2e	1,518,920.28
Of which: Total Scope 3 Upstream Emissions	tCO_2e	1,514,883.06
Total Scope 3 Downstream Emissions	tCO_2e	4,037.22
Scope 3 Emission Categories Identified and Accounted for:		
Purchased Goods and Services	tCO_2e	1,461,472.18
Capital Goods	tCO_2e	2,868.34
Fuel- and Energy-related Activities	tCO_2e	18,279.25
Upstream Transportation and Distribution	tCO_2e	23,225.77
Waste Generated in Operations	tCO_2e	863.49
Business Travel	tCO_2e	2,391.53
Employee Commuting	tCO_2e	3,197.04
Upstream Leased Assets	tCO_2e	2,585.46
Downstream leased assets	tCO_2e	4,037.22

[3]Unless otherwise specified, the scope of environmental performance statistics covers the company's three core production bases in Huizhou, Nanchang, and Vietnam.
[4]Greenhouse gas emissions under the operational control of the verified organization, with the organizational boundary including: Huizhou Manufacturing Base, Longqi Automotive, Nanchang Manufacturing Base, Vietnam Manufacturing Base, offices in mainland China, and offices in Hong Kong and overseas.
[5]Calculation formula: Activity data × Emission factor × GWP value
[6]Scope 3 emission source percentage data is retained to two decimal places

ESG Indicator	Unit	2025
Proportion of Scope 3 Emission Sources Identified[6]		
Purchased Goods and Services	%	96.22
Capital Goods	%	0.19
Fuel- and Energy-related Activities	%	1.20
Upstream Transportation and Distribution	%	1.53
Waste Generated in Operations	%	0.06
Business Travel	%	0.16
Employee Commuting	%	0.21
Upstream Leased Assets	%	0.17
Downstream leased assets	%	0.27
Scope 1 Emissions as a Percentage of Total Emissions	%	0.28
Scope 2 (Market-Based) as a Percentage of Total Emissions	%	5.93
Scope 3 Emissions as a Percentage of Total Emissions	%	93.80
Energy Consumption		
Gasoline Consumption	liter	46,374.02
Diesel Consumption	liter	9,353.48
Natural Gas Consumption	10,000 m^3	12.23
Total Direct Energy Consumption	kWh	1,707,404.39
Direct Energy Intensity	kWh per million of operating revenue	40.35
Purchased Grid Electricity	kWh	210,106,574.20
Indirect Energy Consumption	kWh	210,106,574.20
Indirect Energy Intensity	kWh per million of operating revenue	4,987.60
Solar Power Generation	kWh	3,964,268.00
Water Resource Management		
Total Water Withdrawal	tonne	1,618,133
Municipal Water Supply	tonne	1,618,133
Total Water Consumption	tonne	323,626.60
Production Water Consumption	tonne	155,340.77

ESG Indicator	Unit	2025
Domestic Water Consumption	tonne	168,285.83
Total Water Recycled	tonne	28,607
Water Recycling Rate	%	1.77
Wastewater		
Total Wastewater Discharge	tonne	1,294,507
Air Emissions [7]		
Nitrogen Oxides (NOx)	tonne	0.0615
Sulfur Oxides (SOx)	tonne	0.0008
Particulate Matter (PM)	tonne	0.0045
Volatile Organic Compounds (VOCs) Emissions	tonne	1.59
Waste Management		
Total Waste Generated	tonne	12,007.73
Total Non-hazardous WasteTotal Non-hazardous Waste[8]	tonne	11,905.25
Non-hazardous Waste Intensity	tonnes per million of operating revenue	0.28
Total Hazardous Waste	tonne	102.48
Hazardous Waste Intensity	tonnes per million of operating revenue	0.002
Total Waste Recycled	tonne	11,640.21
Waste Recycling Rate	%	98
Environmental Compliance		
Number of Environmental Non-compliance Incidents	case	0
Amount of Fines for Major Environmental Violations	RMB 10,000	0
Environmental Protection Investment	RMB 10,000	86.63
Energy-saving Retrofit Investment	RMB 10,000	132.31
Percentage of Employees Receiving Environmental Training	%	100
Percentage of Sites Assessed for Environmental Risks	%	100
Percentage of Operating Sites Certified to ISO 14001	%	100

[7]Nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM) are emitted from the company's own vehicles.
[8]The statistical scope for this year includes newly added municipal solid waste data compared with the previous year, and the relevant indicators have been adjusted accordingly.

ESG Indicator	Unit	2025
B Social[9]		
Employee Profile		
Global total of direct employees	Person	18,655
Including, by employment type		
Full-time employees	Person	18,608
Part-time employees	Person	47
Including, by gender		
Male employees	Person	12,753
Female employees	Person	5,902
Male employee ratio	%	68.36
Female employee ratio	%	31.64
Including, by age		
30 and under	Person	10,522
31-40	Person	6,423
41-50	Person	1,633
Over 50	Person	77
Including, by education		
Doctoral degree	Person	7
Master's degree	Person	985

[9]Unless otherwise specified, the scope of social performance statistics is consistent with the scope of this report, i.e., the actual business scope of Shanghai Longcheer Technology Co., Ltd. and its subsidiaries, which aligns with the company's annual report.

ESG Indicator	Unit	2025
Bachelor's degree	Person	5,104
Associate degree and below	Person	12,559
Including, by function		
Production employees	Person	11,531
Sales employees	Person	122
R&D and technical employees	Person	5,577
Finance employees	Person	141
Administrative employees	Person	1,284
Including, by region		
China (including Hong Kong, Macao, Taiwan)	Person	17,794
Outside China	Person	861
Including, by management level		
Female senior management	Person	7
Male senior management	Person	44
Female executive management	Person	115
Male executive management	Person	517
Total new hires	Person	9,239
Including, by region		
China (including Hong Kong, Macao, Taiwan)	Person	8,523
Outside China	Person	716
Including, by age		
30 and under	Person	6,805
31-40	Person	2,046
41-50	Person	364
Over 50	Person	24
Including, by gender		
Male employees	Person	6,261
Female employees	Person	2,978
Number of hires through employee referrals	Person	2,291
Number of internal transfers	Person	85
Annual Employee Turnover Rate[10]	%	29.01
Including, by gender		
Male employees	%	28.61
Female employees	%	29.89
Including, by age		
30 and under	%	37.15
31-40	%	20.58
41-50	%	10.84
Over 50	%	5.19
Mainland China	%	27.47
Diversity and Inclusion		
Percentage of Women in Junior Management	%	23.80
Percentage of Women in Executive Management	%	18.20
Percentage of Women in Senior Management	%	13.73
Percentage of Women in Revenue-generating Functions	%	53.28
Percentage of Women in R&D and Technical Roles	%	22.47
Employees with Disabilities	Person	139

[10]To ensure consistency and comparability of the statistical methodology, the employee turnover rate indicator covers all employees of the company (including overseas employees), and the employee turnover rate by region is based on data from mainland China.

ESG Indicator	Unit	2025
Number of ethnic minority employees	Person	1,453
Percentage of Employees from Minority or Underrepresented Groups	%	8.53
Employee Compensation		
Total Remuneration of General Manager	RMB 10,000	274.61
Annual Performance Appraisal Coverage	%	92.7
Employee Benefits and Protection		
Investment in Employee Commercial Insurance	RMB 10,000	289.04
Labor Contract Signing Rate	%	100
Social Insurance Coverage	%	100
Occupational Health Examination Coverage	%	100
Occupational Health and Safety		
Number of work-related fatalities per year over the past three years (including the reporting year):		
Number of work-related fatalities in 2023	Person	0
Number of work-related fatalities in 2024	Person	0
Number of work-related fatalities in 2025	Person	0
Work-related fatality rate per year over the past three years (including the reporting year)[11]:		
Work-related fatality rate in 2023	Persons/million working hours	0
Work-related fatality rate in 2024	Persons/million working hours	0
Work-related fatality rate in 2025	Persons/million working hours	0
Annual work-related injuries	Times	14
Number of severe work-related injuries	Person	0
Percentage of severe work-related injuries	%	0
Work Injury Insurance Investment	RMB 10,000	77.3
Work Injury Insurance Coverage	%	100
Number of recordable work-related injuries	Person	14
Percentage of recordable work-related injuries	%	0.07
Total lost work hours due to injuries	Hours	819
Safety drills conducted	Times	70
Safety training sessions held	Times	1,224
Employees participating in safety training	Person	18,655
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[12]	%	100
Percentage of operational facilities with ISO 45001 certification[13]	%	100
Employee Training & Development		
Total training participations	Person-times	97,109
Including, by gender		
Male employee training participations	Person-times	66,520
Female employee training participations	Person-times	30,589

[11]The fatality rate due to work-related incidents = (Number of deaths caused by work-related injuries in the year / Total employee working hours in the year) × 1,000,000.

[12]Proportion of employees represented by a formal joint management-labor health and safety committee = Total number of employees at sites where a health and safety committee has been established / Total number of employees across all sites. Currently, the company has established health and safety committees at its three core manufacturing bases in Huizhou, Nanchang, and Vietnam.

[13]The company's three core manufacturing bases in Huizhou, Nanchang, and Vietnam have obtained ISO 45001 certification.

ESG Indicator	Unit	2025
Male employee training percentage	%	68.5
Female employee training percentage	%	31.5
Including, by level		
Management employee	Person-times	5,538
Non-management employee	Person-times	91,571
Including, by employee category		
Production employees	Person-times	63,247
Sales employees	Person-times	860
R&D and technical employees	Person-times	28,296
Finance employees	Person-times	882
Administrative employees	Person-times	3,824
Employee training coverage rate	%	100
Total training hours for all employees	Hours	512,749
Annual training expenditure	RMB 10,000	622.3
Including, by gender		
Total training hours for male employees	Hours	351,233
Total training hours for female employees	Hours	161,516
Including, by level		
Management employee	Hours	54,720
Non-management employee	Hours	458,029
Including, by employee category		
Production employees	Hours	252,988
Sales employees	Hours	6,880
R&D and technical employees	Hours	226,368
Finance employees	Hours	7,056
Administrative employees	Hours	19,457
Average training hours per employee	小时	27.50
Including, by gender		
Average training hours per male employee	Hours	27.2
Average training hours per female employee	Hours	29
Including, by level		
Management employee	Hours	29
Non-management employee	Hours	27.7
Total new employees trained	Person	9,239
New employee training sessions	Times	363
Total training hours for new employees	Hours	98,432
Instructional hours for new employees	Hours	718

ESG Indicator	Unit	2025
Supplier Management		
Total number of suppliers	Number	3,030
Including, by region		
Asia	Number	2,965
Europe	Number	14
North America	Number	45
South America	Number	3
Africa	Number	1
Oceania	Number	2
Local Procurement Ratio	%	88
Number of New Suppliers Assessed for CSR	Number	58
Number of Existing Suppliers Assessed for CSR	Number	102
Number of Suppliers Assessed for ESG Risks	Number	102
Of which, number of Tier 1 suppliers that have undergone ESG risk assessment	Number	102
Of which, number of critical non-Tier 1 suppliers that have undergone ESG risk assessment	Number	0
100% of qualified suppliers have signed the Supplier Corporate Social Responsibility Agreement	%	100
Percentage of Target Suppliers Assessed for CSR	%	100
Annual number of supplier ESG/CSR training sessions held	Number	1
Number of suppliers participating in CSR training	Number	337
Annual violation rate of supplier CSR red lines	%	0
Number of participants in supplier safety training	Person-times	3,068

ESG Indicator	Unit	2025
Supplier safety training coverage rate[14]	%	100
Number of suppliers audited for conflict minerals	Number	160
Philanthropy		
Public Welfare and Rural Revitalization Investment	RMB 10,000	86.86
Monetary donations	RMB 10,000	86.46
Monetary value of donated materials	RMB 10,000	0.40
Number of public welfare projects	Number	22
Number of employee volunteers	Person	293
Number of volunteer participants	Person-times	209
Volunteer service hours	Hours	1,534.5
Number of various public welfare activities organized	Number	21
Rural Revitalization		
Rural revitalization investment	RMB 10,000	15
Monetary value of materials donated for rural revitalization	RMB 10,000	1.06
Number of people benefited from rural revitalization	Person	1,978
Innovation & R&D		
Total global authorized patents	Pcs.	770
Including, by patent type		
Authorized invention patents	Pcs.	177
Authorized utility model patents	Pcs.	484
Authorized design patents	Pcs.	109

[14]The statistical scope covers on-site suppliers.

ESG Indicator	Unit	2025
Number of invention patents applied to the core business	Pcs.	172
Valid patents per million revenue	Pcs.	0.02
Newly authorized patents	Pcs.	55
New patent applications	Pcs.	192
Accumulated software copyrights	Pcs.	464
Accumulated trademarks	Pcs.	47
Annual R&D investment	RMB 10,000	271,516.61
R&D investment as % of revenue	%	6.45
Product & Service Quality		
Annual customer audits received session	Times	93
Number of external quality system audits conducted annually	Times	37
Number of external quality system audits passed annually	Times	37
First-time pass rate of external quality system audits	%	100
Total number of customer complaints regarding products and services	Pcs.	85
Percentage processed in a timely manner and closed on schedule – Domestic	%	95
Percentage processed in a timely manner and closed on schedule – International	%	90
Number of customer complaints closed	Pcs.	85

ESG Indicator	Unit	2025
C Corporate Governance[15]		
Board Composition		
Number of directors	Person	7
Including, by gender		
Male directors	Person	5
Female directors	Person	2
Including, by age		
30-50	Person	2
Over 50	Person	5
Average tenure of board members	Year	6
Average attendance rate at board meetings	%	100
Number of independent directors	Person	3
Proportion of independent directors	%	43
Proportion of independent directors with tenure exceeding 6 years	%	0
Proportion of independent directors serving on more than 3 listed company boards	%	0
Proportion of independent directors on the audit committee	%	100

[15]Unless otherwise specified, the scope of corporate governance performance statistics is consistent with that of this report, i.e., the actual business scope of Shanghai Longcheer Technology Co., Ltd. and its subsidiaries, which aligns with the Company's annual report.

ESG Indicator	Unit	2025
Proportion of independent directors on the remuneration committee	%	100
Proportion of independent directors on the nomination committee	%	66.67
Anti-corruption and Anti-bribery		
Number of corruption-related litigation cases initiated and concluded by the company	Pcs.	0
Number of corruption litigation cases initiated and concluded by employees	Pcs.	0
Number of company employees sentenced by effective court judgments for occupational crimes	Person	2
Number of reports generated by the anti-corruption whistleblowing procedure	Pcs.	32
Percentage of senior executives to whom anti-corruption policies and procedures have been communicated	%	100
Percentage of employees (excluding senior executives) to whom anti-corruption policies and procedures have been communicated	%	100
Percentage of suppliers to whom anti-corruption policies and procedures have been communicated	%	100
Number of anti-bribery due diligence and monitoring exercises conducted on business partners (including intermediaries)	Times	1
Total number of anti-corruption and commercial bribery training sessions for employees	Times	1
Total number of anti-corruption and commercial bribery training sessions for directors/senior executives	Times	1

ESG Indicator	Unit	2025
Total number of participants in business ethics training	Person-times	7,499
Cycle for completing audits of all operational entities of the company	Month	12
Annual business ethics training coverage rate	%	98.69
Data Security and Customer Privacy Protection		
Number of major data security incidents	Pcs.	0
Number of privacy leakage incidents	Pcs.	0
Percentage of all operational sites with a certified information security management system (e.g., ISO 27001)[16]	%	100

[16]The company's three core manufacturing bases in Huizhou, Nanchang, and Vietnam have obtained ISO 27001 certification.

Sustainability Information Disclosure Index

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Index

Terms and Disclosure Contents	Article	Location
Chapter 1 General Provisions		
Chapter 2 Framework for Sustainable Development Information Disclosure		
	Article 11	ESG Strategy and Mechanism
	Article 12 (1)	
	Article 12 (2)	
	Article 12 (3)	
	Article 12 (4)	
	Article 12 (5)	
	Article 13	
	Article 14 (1)	
	Article 14 (2)	
	Article 15 (1)	
	Article 15 (2)	
	Article 15 (3)	
	Article 16 (1)	
	Article 16 (2)	
	Article 17	
	Article 18 (1)	ESG Strategy and Mechanism
	Article 18 (2)	
	Article 18 (3)	
	Article 18 (4)	
	Article 19	
Chapter 3 Environmental Information Disclosure		
Section 1 Tackle Climate Change	Article 20	Tackling the Climate Change,Mitigating Environmental Impact
	Article 21	Tackling the Climate Change
	Article 22 (1)	
	Article 22 (2)	
	Article 22 (3)	
	Article 23 (1)	
	Article 23 (2)	
	Article 23 (3)	
	Article 23 (4)	
	Article 23 (5)	
Section 1 Tackle Climate Change	Article 24	Tackling the Climate Change
	Article 25 (1)	ESG Key Performance Indicator
	Article 25 (2)	ESG Key Performance Indicator
	Article 25 (3)	ESG Key Performance Indicator
	Article 26	ESG Key Performance Indicator
	Article 27	Tackling the Climate Change
	Article 28	Tackling the Climate Change, Practicing the Circular Economy
Section 2 Pollution Prevention and Ecosystem Protection	Article 29	Mitigating Environmental Impact
	Article 30 (1)	
	Article 30 (2)	
	Article 30 (3)	
	Article 30 (4)	
	Article 30 (5)	
	Article 31 (1)	
	Article 31 (2)	
	Article 31 (3)	

Terms and Disclosure Contents	Article	Location
Section 2 Pollution Prevention and Ecosystem Protection	Article 32 (1)	Mitigating Environmental Impact
	Article 32 (2)	
	Article 32 (3)	
	Article 32 (4)	
	Article 32 (5)	
	Article 33 (1)	
	Article 33 (2)	
	Article 33 (3)	
Section 3 Resource Utilization and Circular Economy	Article 34	Mitigating Environmental Impact, Practicing the Circular Economy
	Article 35 (1)	Mitigating Environmental Impact
	Article 35 (2)	
	Article 35 (3)	
	Article 36 (1)	
	Article 36 (2)	
	Article 37 (1)	
	Article 37 (2)	
	Article 37 (3)	Mitigating Environmental Impact, Practicing the Circular Economy
Chapter 4 Social Information Disclosure		
Section 1 Rural Revitalization and Social Contributions	Article 38	Exemplary Corporate Citizenship
	Article 39 (1)	
	Article 39 (2)	
	Article 39 (3)	
	Article 40	
Section 2 Innovation-Driven and Scientific Ethics	Article 41	Creating Satisfied Customers
	Article 42 (1)	
	Article 42 (2)	
	Article 42 (3)	
	Article 43 (1)	
	Article 43 (2)	
	Article 43 (3)	
	Article 43 (4)	
Section 3 Suppliers and Customers	Article 44	Creating Satisfied Customers, Advancing Responsible Sourcing
	Article 45 (1)	Advancing Responsible Sourcing
	Article 45 (2)	Advancing Responsible Sourcing
	Article 46	——
	Article 47 (1)	Creating Satisfied Customers
	Article 47 (2)	Creating Satisfied Customers
	Article 47 (3)	Creating Satisfied Customers
	Article 47 (4)	Creating Satisfied Customers
	Article 48 (1)	Strengthening Data Security
	Article 48 (2)	Strengthening Data Security
	Article 48 (3)	Strengthening Data Security
	Article 48 (4)	Strengthening Data Security
Section 4 Employees	Article 49	Advancing a People-Centric Philosophy
	Article 50 (1)	Advancing a People-Centric Philosophy
	Article 50 (2)	Advancing a People-Centric Philosophy
	Article 50 (3)	Advancing a People-Centric Philosophy
Chapter 5 Information Disclosure Related to Sustainable Development Governance		
Section 1 Sustainable Development Governance Mechanisms	Article 51	ESG Strategy and Management, Standardize corporate governance
	Article 52	Advancing Responsible Sourcing
	Article 53 (1)	Dual-Materiality Analysis
	Article 53 (2)	Dual-Materiality Analysis
Section 2 Business Conduct	Article 54	Strengthening Compliance Management
	Article 55 (1)	
	Article 55 (2)	
	Article 55 (3)	
	Article 55 (4)	
	Article 56 (1)	
	Article 56 (2)	
Chapter 6 Supplementary Provisions and Interpretations		
	Article 57	Index Table
	Article 58	Independent Assurance Statement

Appendix C2 Environmental, Social and Governance Reporting Code Index

Mandatory Disclosure Items	Location
Governance Structure	ESG Strategy and Management
Reporting Principles	About This Report
Reporting Boundary	About This Report

Category	Aspect	Comply-or-Explain	Location
Environmental	A1: Emissions	General Disclosure Information	Tackling the Climate Change, Mitigating Environmental Impact
		KPI A1.1	ESG Key Performance Indicator
		KPI A1.3	ESG Key Performance Indicator
		KPI A1.4	ESG Key Performance Indicator
		KPI A1.5	Tackling the Climate Change
		KPI A1.6	Mitigating Environmental Impact
	A2: Use of Resources	General Disclosure Information	Tackling the Climate Change, Mitigating Environmental Impact
		KPI A2.1	ESG Key Performance Indicator
		KPI A2.2	ESG Key Performance Indicator
		KPI A2.3	Tackling the Climate Change
		KPI A2.4	Mitigating Environmental Impact
		KPI A2.5	ESG Key Performance Indicator
	A3: The Environment and Natural Resources	General Disclosure Information	Mitigating Environmental Impact
		KPI A3.1	Mitigating Environmental Impact

Category	Aspect		Comply-or-Explain	Location
Social	Employment and Labor Practices	B1: Employment	General Disclosure Information	Advancing a People-Centric Philosophy
			KPI B1.1	ESG Key Performance Indicator
			KPI B1.2	ESG Key Performance Indicator
		B2: Health and Safety	General Disclosure Information	Advancing a People-Centric Philosophy
			KPI B2.1	ESG Key Performance Indicator
			KPI B2.2	ESG Key Performance Indicator
			KPI B2.3	Advancing a People-Centric Philosophy
		B3: Development and Training	General Disclosure Information	Advancing a People-Centric Philosophy
			KPI B3.1	ESG Key Performance Indicator
			KPI B3.2	ESG Key Performance Indicator
		B4: Labor Standards	General Disclosure Information	Advancing a People-Centric Philosophy
			KPI B4.1	Advancing a People-Centric Philosophy
			KPI B4.2	Advancing a People-Centric Philosophy

Category	Aspect		Comply-or-Explain	Location
Social	Operating Practices	B5: Supply Chain Management	General Disclosure Information	Advancing Responsible Sourcing
			KPI B5.1	ESG Key Performance Indicator
			KPI B5.2	ESG Key Performance Indicator
			KPI B5.3	ESG Key Performance Indicator
			KPI B5.4	ESG Key Performance Indicator
		B6: Product Responsibility	General Disclosure Information	Creating Satisfied Customers
			KPI B6.1	ESG Key Performance Indicator
			KPI B6.2	Creating Satisfied Customers
			KPI B6.3	Creating Satisfied Customers
			KPI B6.4	Creating Satisfied Customers
			KPI B6.5	Strengthening Data Security
		B7: Anti-corruption	General Disclosure Information	Strengthening Compliance Management
			KPI B7.1	Strengthening Compliance Management
			KPI B7.2	Strengthening Compliance Management
			KPI B7.3	Strengthening Compliance Management
	Community	B8: Community Investment	General Disclosure Information	Exemplary Corporate Citizenship
			KPI B8.1	Exemplary Corporate Citizenship
			KPI B8.2	Exemplary Corporate Citizenship

Category	Aspect		Comply-or-Explain	Location
Climate-related Disclosures	(I) Governance			应对气候变化
	(II) Strategy		Climate-Related Risks and Opportunities	Tackling the Climate Change
			Business Model and Value Chain	Tackling the Climate Change
			Strategy and Decision-Making	Tackling the Climate Change
			Financial Position, Financial Performance, and Cash Flows	Tackling the Climate Change
			Climate Resilience	Tackling the Climate Change
	(III) Risk Management			
	Internal Carbon Pricing Compensation		Greenhouse Gas Emissions	Tackling the Climate Change
			Climate-Related Transition Risks	Tackling the Climate Change
			Climate-Related Physical Risks	Tackling the Climate Change
			Climate-Related Opportunities	Tackling the Climate Change
			Capital Management	Tackling the Climate Change
			Internal Carbon Pricing	/
			Compensation	/
			Industry Metrics	/
			Climate-Related Targets	Tackling the Climate Change

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, 2025 to December 31, 2025.
Standards Reference	2021 GRI 1: Foundation 2021

GRI Standards	Disclosure Item	Location
GRI 2: General Disclosures 2021	2-1	About Longcheer Technology
	2-2	About This Report
	2-3	About This Report
	2-4	ESG Key Performance Indicator
	2-5	Independent Assurance Statement
	2-6	About Longcheer Technology
	2-7	Advancing a People-Centric Philosophy
	2-8	Advancing a People-Centric Philosophy
	2-9	Standardize corporate governance
	2-10	Standardize corporate governance
	2-11	Standardize corporate governance
	2-12	ESG Strategy and Management
	2-13	ESG Strategy and Management
	2-14	ESG Strategy and Management
	2-15	Standardize corporate governance
	2-16	Standardize corporate governance
	2-17	ESG Strategy and Management
	2-18	Standardize corporate governance
	2-19	Strengthening Compliance Management,
	2-20	/
	2-21	/
	2-22	Message from the Chairman, ESG Strategy and Management
	2-23	Strengthening Compliance Management, Advancing Responsible Sourcing
	2-24	Strengthening Compliance Management, Advancing Responsible Sourcing
	2-25	Strengthening Compliance Management
	2-26	Strengthening Compliance Management
	2-27	Strengthening Compliance Management
	2-28	External Recognition and Awards
	2-29	Dual-Materiality Analysis
	2-30	/
GRI 3: Material Topics 2021	3-1	Dual-Materiality Analysis
	3-2	Dual-Materiality Analysis
	3-3	Dual-Materiality Analysis
GRI 101: Biodiversity 2024	101-4	Dual-Materiality Analysis
	101-5	Mitigating Environmental Impact
	101-6	/
	101-7	/
	101-8	Exemplary Corporate Citizenship
GRI 102: Climate Change 2025	102-3	Tackling the Climate Change

GRI Standards	Disclosure Item	Location
GRI 102: Climate Change 2025	102-4	Tackling the Climate Change
	102-5	ESG Key Performance Indicator
	102-6	ESG Key Performance Indicator
	102-7	ESG Key Performance Indicator
	102-8	ESG Key Performance Indicator
	102-9	Tackling the Climate Change
	102-10	/
GRI 103: Energy 2025	103-2	ESG Key Performance Indicator
	103-3	Tackling the Climate Change
	103-4	ESG Key Performance Indicator
	103-5	Tackling the Climate Change
GRI 201: Economic Performance 2016	201-1	See the 2025 Annual Report
	201-2	Tackling the Climate Change
	201-3	Advancing a People-Centric Philosophy
	201-4	/
GRI 202: Market Presence 2016	202-1	/
	202-2	/
GRI 203: Indirect Economic Impacts 2016	203-1	Exemplary Corporate Citizenship
	203-2	ESG Strategy and Management
GRI 204: Procurement Practices 2016	204-1	/
GRI 205: Anti corruption 2016	205-1	Strengthening Compliance Management
GRI 205: Anti corruption 2016	205-2	Strengthening Compliance Management
	205-3	Strengthening Compliance Management

GRI Standards	Disclosure Item	Location
GRI 206: Anti competitive Behavior 2016	206-1	Strengthening Compliance Management
GRI 207: Tax 2019	207-1	Standardize corporate governance
	207-2	Standardize corporate governance
	207-3	Dual-Materiality Analysis
	207-4	/
GRI 301: Materials 2016	301-1	Mitigating Environmental Impact Practicing the Circular Economy
	301-2	Mitigating Environmental Impact Practicing the Circular Economy
	301-3	Mitigating Environmental Impact Practicing the Circular Economy
GRI 303: Water and Effluents 2018	303-1	ESG Key Performance Indicator
	303-2	ESG Key Performance Indicator
	303-3	ESG Key Performance Indicator
	303-4	ESG Key Performance Indicator
	303-5	ESG Key Performance Indicator
GRI 305: Emissions 2016	305-1	ESG Key Performance Indicator
	305-2	ESG Key Performance Indicator
	305-3	ESG Key Performance Indicator
	305-4	ESG Key Performance Indicator
	305-5	ESG Key Performance Indicator
	305-6	ESG Key Performance Indicator
GRI 305: Emissions 2016	305-7	/

GRI Standards	Disclosure Item	Location
GRI 306: Waste 2020	306-1	Mitigating Environmental Impact
	306-2	Mitigating Environmental Impact
	306-3	Mitigating Environmental Impact
	306-4	Mitigating Environmental Impact
	306-5	Mitigating Environmental Impact
GRI 308: Supplier Environmental Assessment 2016	308-1	Advancing Responsible Sourcing
	308-2	Advancing Responsible Sourcing
GRI 401: Employment 2016	401-1	ESG Key Performance Indicator
	401-2	Advancing a People-Centric Philosophy
	401-3	Advancing a People-Centric Philosophy
GRI 402: Labor/ Management Relations 2016	402-1	/
GRI 403: Occupational Health and Safety 2018	403-1	Advancing a People-Centric Philosophy
	403-2	Advancing a People-Centric Philosophy
GRI 404: Training and Education 2016	403-3	Advancing a People-Centric Philosophy
	403-4	Advancing a People-Centric Philosophy
	403-5	Advancing a People-Centric Philosophy
	403-6	Advancing a People-Centric Philosophy
	403-7	Advancing a People-Centric Philosophy
	403-8	ESG Key Performance Indicator
	403-9	ESG Key Performance Indicator
	403-10	Advancing a People-Centric Philosophy
GRI 404: Training and Education 2016	404-1	ESG Key Performance Indicator
	404-2	Advancing a People-Centric Philosophy
	404-3	Advancing a People-Centric Philosophy

GRI Standards	Disclosure Item	Location
GRI 405: Diversity and Equal Opportunity 2016	405-1	Advancing a People-Centric Philosophy
	405-2	ESG Key Performance Indicator
GRI 406: Non discrimination 2016	406-1	Advancing a People-Centric Philosophy
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	/
GRI 408: Child Labor 2016	408-1	Advancing Responsible Sourcing
GRI 409: Forced or Compulsory Labor	409-1	Advancing Responsible Sourcing
GRI 410: Security Practices 2016	410-1	/
GRI 411: Rights of Indigenous Peoples 2016	411-1	/
GRI 413: Local Communities 2016	413-1	Exemplary Corporate Citizenship
	413-2	Exemplary Corporate Citizenship
GRI 414: Supplier Social Assessment 2016	414-1	Advancing Responsible Sourcing
	414-2	Advancing Responsible Sourcing
GRI 415: Public Policy 2016	415-1	/
GRI 416: Customer Health and Safety 2016	416-1	Creating Satisfied Customers
	416-2	Creating Satisfied Customers
GRI 417: Marketing and Labeling 2016	417-1	Creating Satisfied Customers
	417-2	Creating Satisfied Customers
	417-3	Creating Satisfied Customers
GRI 418: Customer Privacy 2016	418-1	Strengthening Data Security

Statement of the Board of Directors

Sustainability serves as the cornerstone of Longcheer's commitment to long-termism. As a premier service provider for R&D and manufacturing of smart products, it represents our relentless pursuit of co-creating value with our customers and partners. Since our inception, we have integrated Environmental, Social, and Governance (ESG) principles into the entire lifecycle of product design, manufacturing, and operations. This report systematically showcases our achievements in green manufacturing, technological innovation, supply chain collaboration, and corporate governance, continuously strengthening the trust of all stakeholders in Longcheer Technology.

As the highest decision-making and supervisory body for sustainability management, the Board of Directors dynamically reviews the risks and opportunities we face regarding ESG factors, taking into account domestic and international environmental shifts and the materiality of ESG issues. The Board approves and oversees the implementation of our sustainability strategy, reviews annual priorities, and ensures the synergistic allocation of resources to align the entire organization towards common goals.

To advance sustainability initiatives more effectively, Longcheer has established the Strategy & ESG Committee. This specialized body, operating under the Board, is responsible for researching, discussing, and providing decision support on the Company's long-term development strategy and ESG-related matters. In 2025, we appointed a Chief Sustainability Officer (CSO) who reports directly to the Board and the Strategy & ESG Committee. The CSO oversees strategic planning, compliance and risk control, operational integration, and performance monitoring to ensure the effective realization of sustainability goals. Furthermore, an ESG Execution Working Group, comprising members from various functions and manufacturing bases, serves as the implementation arm. This group is responsible for formulating ESG strategies, daily management, and on-the-ground execution, providing robust support for the Company's major sustainability decisions.

The preparation of this report strictly adheres to the principles of Materiality, Quantification, and Consistency:

Materiality: Through stakeholder engagement and expert assessments, we have systematically identified and screened ESG issues that significantly impact our business operations and stakeholders. We focus our disclosure on key areas such as climate change, data security and customer privacy protection, product and service safety and quality, innovation-driven development, and employee health and safety. This ensures the report addresses substantive issues and responds to the concerns of all parties.

Quantification: We strive to present environmental, social, and governance performance using quantifiable metrics wherever possible. Key data points include energy consumption intensity, carbon emission data, waste discharge volume, employee training coverage, and safety production indicators. These are accompanied by explanations of calculation methodologies and statistical scopes to facilitate vertical comparison and trend analysis for stakeholders.

Consistency: The statistical methods, disclosure scopes, and calculation standards adopted in this report remain consistent with previous periods. Any changes that may affect data comparability are fully explained to ensure comparability across reporting periods and years, providing a reliable basis for stakeholders to objectively assess the Company's ESG performance.

To guarantee the authenticity and transparency of the data in this report, the Company engaged TÜV Rheinland (Shanghai) Co., Ltd. to conduct an independent third-party assurance. The assurance process strictly followed the AA1000 Assurance Standard and was executed with reference to relevant guidelines, including Appendix C2 (ESG Reporting Guide) of the Listing Rules of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange's "Self-Regulatory Guidance No. 14 — Sustainable Development Report (Trial)." This report has been reviewed and approved by the Company's Board of Directors and is hereby released.

Looking ahead, we will continue to deepen our sustainability strategy and maintain active, candid communication with all stakeholders, working together with a sense of responsibility to co-create a sustainable future in the era of intelligence.

Independent Assurance Statement

TÜVRheinland®
Precisely Right.

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 the 2025 Environmental, Social and Corporate Governance Report (hereinafter, "Report"). The Report disclosed Longcheer's sustainability information for the fiscal year 2025 (from 1 January 2025 to 31 December 2025).

Responsibilities

Longcheer is not only responsible for the preparation of ESG report and the collection and reporting 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 implements sustainability information assurance activities under a quality management system that complies with the requirements of the ISO/IEC 17029:2019 Standard and adheres to the TÜV Rheinland Global Code of Ethics and Compliance Program. Our assurance service follows the principles of independence and impartiality and does not participate in the preparation of the Report of Longcheer. The assurance project was implemented by a team with expertise and assurance experience in the corresponding sustainability issues. The role of TÜV Rheinland is to carry out independent assurance work in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial professional judgments on sustainability reporting.

Assurance Standard

TÜV Rheinland undertook assurance work for the sustainability information disclosed in the 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 with an independent view of the assurance, including that we review and assess the content of the report adherence to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact).

Assurance Criteria

The following assessment criteria (including reporting frameworks or standards) were also used in undertaking the work:

- Shanghai Stock Exchange Guidelines for Self-Regulatory Listings of Shanghai Stock Exchange No. 14 - Sustainable Development Report (Trial)
- Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Preparation of Sustainability Reports
- Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited Environmental, Social and Governance Reporting Code
- Global Sustainability Standards Board (GSSB) Sustainability Reporting Standards (GRI Standards)

  United Nations 2030 Sustainable Development Goals (SDGs)
- Adherence to the AA1000AP AccountAbility Principles, i.e., Inclusivity, Materiality, Responsiveness, and Impact

Methodology

Our assurance activities and procedures include:

- Inquiring management to understand the company's business and reporting processes, including sustainability strategy, philosophy and management.
- Interviewing relevant executive personnel in key functions to understand and assess the processes, systems and controls related to sustainability management, including key management procedures, stakeholder engagement processes, topic materiality assessment processes, impact assessments, etc.
- Assessing available performance information based on sampling principles and document review.
- Collecting and inspecting supporting evidence to assess the extent to which relevant disclosures within the scope of the assurance engagement and sustainability reporting support and adherence to AA1000AP assurance 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 and obtained evidence information and necessary explanations to provide the basis for the conclusion of the assurance in accordance with the moderate level of AA1000AS v3. The nature and extent (scope) of the procedures involved in moderate level assurance engagement are lower than those required to obtain high level assurance.

Forward-looking information relates to events and actions that have not yet occurred and may never occur. Actual results are likely to be different because expected events often do not occur as expected. We did not guarantee the availability of forward-looking information.

The information and performance 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 subject matters of sustainability and beyond the scope of the assurance.

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:

- Longcheer's 2025 ESG Report and its contents are in adherence to the AA1000AP AccountAbility Principles.
- Evidence of the use of relevant processes, systems and controls, and available performance information have been reviewed and assessed, and can reflect sustainability practices of the Company.

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

Longcheer has identified seven major stakeholders, including shareholders, capital markets, customers, employees, suppliers, communities and social organizations, etc., and has established a relatively comprehensive communication mechanism. The Company conducted a stakeholder questionnaire survey on ESG issues and provided a reference for management decision-making and double materiality assessment through analysis of research feedback.

Materiality

Longcheer employed a double materiality analysis process, which covered financial materiality and impact materiality, and identified and confirmed the annual materiality issue matrix through stakeholder research, peer benchmarking, and industry trend analysis. The issue matrix clearly revealed highly material issues (such as data security and customer privacy protection, product and service safety and quality, climate change response, employee health and safety, etc.), and the final issue matrix is reviewed and confirmed by the Strategy and ESG Committee.

Responsiveness

The communication channels between Longcheer and its main stakeholder groups are diverse, usually including employee satisfaction surveys, supplier training and review, grievance and reporting mechanisms, etc. The Company has established a systematic management framework (governance - strategy - risk management - indicators and objectives) for double materiality issues, set goals and disclosed the progress of management actions and quantitative targets. The Report also disclosed a large amount of quantitative data on key ESG performance indicators (such as greenhouse gas emissions, energy consumption, employee data, occupational health and safety, supplier management, etc.) to actively respond to the major concerns of stakeholders.

Impact

Evidence showed that Longcheer attached great importance to ESG risk management (including risk identification, risk warning, risk response, etc.), and paid attention to the company's own operational impact and value chain impact. The Company analysed and managed the risks and opportunities of important issues (such as climate change, product innovation, supplier management, etc.), and the core data disclosure of the KPI table also provided data support for assessing and measuring environmental and social impacts.

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TÜV Rheinland (Shanghai) Co., Ltd

Shanghai, China, 25 March 2026

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