

2025

Environmental, Social, and Governance (ESG) Report

Loncin Motor Co., Ltd.



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About the Report

▪ Report Overview

This report is the Environmental, Social and Governance (ESG) Report of Loncin Motor Co., Ltd. (hereinafter referred to as "the Report"), disclosing and presenting the Company's performance in environmental, social and corporate governance areas to stakeholders and other parties. The Report has been reviewed and approved by the Board of Directors of the Company, which assumes responsibility for the authenticity and validity of the information contained herein.

▪ Scope of Reporting

The scope of information disclosed in the Report covers Loncin Motor Co., Ltd. its branches and subsidiaries, which is consistent with the scope of the consolidated financial statements of LONCIN (603766).

▪ Period

Unless otherwise specified, the scope of time covered in the Report is from January 1st, 2025, to December 31st, 2025. To ensure the completeness of the Report, the scope of time for certain information has been extended both forward and backward.

▪ Data Sources

The financial data used in the Report is from the audited annual report of the Company, and other data is from official documents and statistical reports of the Company (previous years' data should be based on the disclosure in this report).

▪ Basis for the Preparation

The Report complies with the Guidelines No. 1 for Self-regulation of Listed Companies—Standardized Operation, Guidelines No. 14 for Self-Regulation of Listed Companies—Sustainability Report (Trial) and Guidelines No. 4 for Self-Regulation of Listed Companies – Preparation of Sustainability Report issued by the Shanghai Stock Exchange, with reference to the Global Sustainability Standards Board (GSSB)'s GRI Sustainability Reporting Standards (GRI Standards) and the Sustainable Development Goals (SDGs) of the United Nations.

▪ Reference Explanation

For the convenience of presenting and reading, "Loncin Motor Co., Ltd." is also indicated in the report by "LONCIN", "the Company" or "we".

▪ Report Access

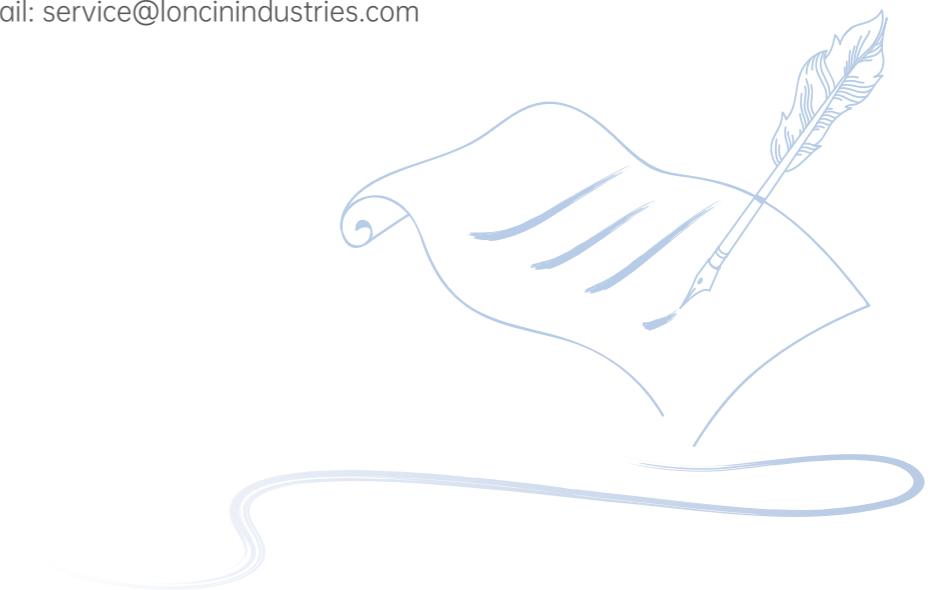
This report is published in both English and Chinese, and the Chinese text shall prevail in case of ambiguity between the versions. You can obtain more information about our environmental, social and corporate governance on the Company's official website (<https://www.loncinindustries.com>) and the website of the Shanghai Stock Exchange.

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Message from the Chairman



Dear partners and friends:

Time moves on, and action defines progress. In 2025, amid the sweeping waves of industrial transformation and fierce market competition, LONCIN remained steadfast in the vision of "A Leading Brand with a Low-Carbon Power System and Intelligent Products" and stayed committed to the corporate mission: "Creating Speed & Energy, Pursuing Excellence Beyond Limits, Benefiting Humanity, Crafting Dynamic Beauty via Technology". LONCIN embedded ESG principles across its entire production and operation chain, strengthened its foundation through green intelligent manufacturing, fostered synergies via collaborative governance, and laid a solid groundwork for long-term growth through standardized corporate governance, thus making remarkable strides toward sustainable development.

Building on green development to anchor the "main direction" of intelligent manufacturing transformation

High-quality development in the manufacturing sector cannot be achieved without the underpinning of green initiatives. As a manufacturing enterprise, we firmly believe that smart manufacturing is not an option, but a necessity for survival. Over the past year, we have stayed committed to the "Carbon Peaking and Carbon Neutrality" goals, driving the deep integration of green development into production and operations. On the production side, we have optimized our energy structure, improved the utilization efficiency of clean energy sources such as solar photovoltaics, and advanced workshop-level energy-saving renovations, successfully being awarded the title of "National Green Factory." On the product side, we have focused on the transition to electrification, increased R&D investment in new energy powertrain systems, and launched multiple smart mobility products featuring long range and low energy consumption. At the same time, we have deepened our strategic cooperation with BMW, integrating world-class manufacturing standards into the entire process of green product development. Through concrete actions, we have demonstrated that green transformation is not only a social responsibility but also a vital source of our core competitiveness.

Forging ahead with collaboration to jointly foster an "ecosystem" for shared value

To make significant contributions, a Company must also shoulder significant responsibilities. LONCIN's development has always been inseparable from the hard work of all employees, the support of our partners, and the generous support of all sectors of society. In the social dimension, we practice the values of "collaborative development and contribution-oriented," building a four-in-one value-sharing system encompassing "enterprise—employees—partners—society." For our employees, we refine incentive mechanisms and welfare systems, promote visual management and digital office practices, enabling them to grow and realize their value in a safe and healthy working environment. For our partners, we leverage synergies to achieve resource sharing and complementary strengths, fostering a development synergy that delivers a "1+1>2" effect. For society, we deepen our commitment to public welfare, focusing on rural revitalization, education support, and care for vulnerable groups. Meanwhile, we drive regional economic development through industrial empowerment, demonstrating the responsibility and commitment of a national manufacturing enterprise.

Taking governance as the core to consolidate the "ballast" for steady development

Standardized governance is the fundamental guarantee of sustainable corporate development. In 2025, we will comprehensively advance the upgrade of our corporate governance system to create a new cultural ecosystem characterized by "unity in diversity and harmony in differences." We refined internal control systems and processes, optimized the structure of the Board of Directors' six specialized committees, and enhanced decision-making efficiency and execution strength, becoming decisive executors, proactive problem-solvers, and effective practitioners. In addition, we improved information disclosure mechanisms to safeguard the rights of shareholders and stakeholders to information and participation, increased corporate transparency, and won the "SSE Eagle Gold Quality" Elite Board Secretary Award of Shanghai Securities News. Furthermore, we have strengthened compliance management, strictly adhering to market regulations and industry standards. By integrating compliance principles into every aspect of production, sales, and R&D, we have fortified our defenses in risk management and ethical business operations, elevating our corporate governance to new heights.

The Year of the Horse (Bingwu), galloping toward the horizon. In 2026, standing at a new starting point, we will remain steadfast in our ESG commitment, riding the wave of "digitalization" and scaling new heights of "innovation". We will continue to deepen green intelligent manufacturing, achieving breakthroughs in electrification, intelligence, and digitalization, while focusing on cutting-edge initiatives such as the "Industrial Brain" for high-end motorcycles. Furthermore, we will continue to practice collaboration and mutual benefit, pooling resources to build a more resilient industrial ecosystem. Moreover, we will continue to improve corporate governance, ensuring standardized operations to safeguard the Company's long-term development, striving to become a benchmark sustainable enterprise in the industry.

Soaring Ambitions to Embark on a New Journey, United Strengths to Guide LONCIN to Greater Achievements. Let us unite in purpose and pool our collective wisdom, demonstrating our commitment through hard work and driving development through innovation. We will deliver an outstanding ESG performance to repay the trust of all shareholders and the support of our partners. Together, we will contribute greater LONCIN strength to the sustainable development of the industry and the progress of society!

Loncin Motor Co., Ltd.
Chairman

About LONCIN

Company Overview

Loncin Motor Co., Ltd. (SSE stock code: 603766) was established in 1993 and listed on the Shanghai Stock Exchange in 2012. Headquartered in Chongqing, the Company has over 10,000 employees and more than 20 subsidiaries worldwide, with products sold to over 90 countries and regions across the globe.

The Company has set "becoming a global leader in intelligent motorcycle mobility" as its development goal, and systematically built a brand ecosystem for VOGE and LONCIN featuring "dual-core parallel development, tiered operations and full-domain coverage". The Company's production and sales volume of motorcycles exceeded 1.6 million units, motorcycle engines 3.3 million units, and general-purpose machinery over 4.4 million units. These businesses have ranked among the top in the industry for many consecutive years, and the Company has also maintained a leading position in the industry in terms of export earnings for many years.

The Company is the first enterprise in the industry to pass the Motorcycle National Safety Technology Exemption Certification. It owns a "National Enterprise Technology Center", a "National Industrial Design Center", and a "National Accredited Laboratory". It has been awarded honors such as "Most Competitive Market Brand", "Top 10 Innovative Enterprises in China Industrial Design", "Top 100 Valuable Companies Listed on the Main Board in China", and "National Green Factory". Its subsidiary engine company has been recognized as an "Excellence-level Smart Factory".

Faced with the new industrial landscape, LONCIN upholds the vision of "becoming a leader in the smart light mobility industry" and has launched its core strategy of "dual excellence in quality and intelligence". In 2026, guided by the action plan of "Brand Elevation, Intelligent Empowerment, Dual-power Strategy, and Global Layout," and upholding the philosophy of "Focus and Precision, Pragmatism and Innovation," LONCIN will drive a qualitative shift from "exporting products" to "exporting brands and systems," build a global ecosystem, and achieve high-quality growth.

Products and Businesses

Product Introduction

Motorcycle and Engine Products

Independent brand

The Company takes the transformation and upgrading of its independent brands as its core strategic engine. Centered on consumers' real needs and guided by market differentiation, it systematically develops a brand ecosystem for VOGE and LONCIN featuring "dual-core parallel development, tiered operations and full-domain coverage", and forges a multi-dimensional brand layout featuring "high-end leadership, segment-focused deep cultivation and global expansion", to achieve the synergistic enhancement of brand value and core market competitiveness.

VOGE: VOGE upholds the philosophy of "Far & Beyond Quality" throughout its whole series of products. Taking the European market as its strategic core, the brand extends its influence globally, establishing an advantageous market layout covering "Europe and Central & South America", while continuously extending its reach to regions such as Africa and Southeast Asia. It is committed to growing into a leading Chinese motorcycle brand with global influence.

LONCIN: With a core strategy of full-spectrum coverage and full-scenario penetration, the company has built a three-dimensional product matrix featuring "entertainment leadership, scenario extension and rigid-demand support". It has formed a full-category product ecosystem covering two-wheelers, three-wheelers, and four-wheelers, creating a one-of-a-kind full-scenario mobility ecosystem in the industry to fully meet all-around demands from recreation to practical application.



Independent Motorcycle Brands

Cooperative products

Since 2005, the Company has established a stable strategic cooperative partnership with BMW Motorrad, with the dimensions of cooperation continuously deepened and expanded. The collaboration has extended from single-cylinder engines to twin-cylinder engines and complete motorcycles, forming a stable model of batch delivery and collaborative development.

Engine products

The Company has built the most complete and in-depth power platform in the industry. We have achieved full engine coverage across all product categories (two-wheelers, three-wheelers, four-wheelers) and all displacements (100cc-1000cc). More crucially, guided by a platform-based and modular R&D philosophy, we efficiently apply cutting-edge multi-cylinder technologies for medium and large displacements to our full product portfolio. At the same time, scenario-specific dedicated R&D delivers in-depth empowerment to segmented markets, including three-wheelers and four-wheelers. This makes LONCIN the only enterprise in the industry capable of leveraging its proprietary powertrain system to simultaneously support the rapid development and cost optimization of complete vehicle products for all scenarios—commuting, recreation, off-road, freight transport, and high-end all-terrain vehicles. LONCIN has established core competitiveness through vertical integration from core power systems to end-use complete vehicles. Furthermore, through systematic patent strategies, LONCIN has established a robust intellectual property framework, establishing strong competitive advantages in technology and market positioning, thereby providing a solid foundation for the long-term growth of its business.



Engine Products

General-purpose Engine Products

The Company has established a diversified product portfolio covering small household generator sets, non-road engines, garden machinery end products, and energy storage power supplies. In terms of business development, the Company has built its first production line for ride-on lawn mowers. By partnering with Husqvarna, a world-renowned brand, the Company has realized the mass production and market launch of ride-on lawn mowers, marking a significant strategic breakthrough for the Company in garden end products.



General-purpose Engine Products

Business Layout

Adhering to the concept of global development, the Company has built a sound industrial and channel layout. In terms of industrial layout, LONCIN has established six major manufacturing bases in Chongqing, Henan, Guangdong, Zhejiang, Jiangsu, and other regions across China, as well as in Vietnam, forming a global production network that covers key markets and provides a solid guarantee for product supply. Regarding channel layout, the Company has built a network of over 2,000 sales channels, extensively covering developed countries in Europe and America, as well as various developing nations. With diversified market penetration, its export revenue accounts for over 60% of the total, and its global operation capacity has been steadily strengthened.

History of Development



- 1993 ● the predecessor "Chongqing LONCIN Transportation Machinery" was established and the first motorcycle engine was launched.
- 1998 ● the first motorcycle was launched.
- 2001 ● the first general-purpose gasoline engine was launched.
- 2002 ● the LONCIN motorcycle was recognized as a "Well-known Trade-mark in China".
- 2004 ● LONCIN motorcycle was awarded the title of "Famous Brand in China".
- 2005 ● LONCIN started to cooperate with BMW in Germany, and the LONCIN technology center was recognized as a "National Technology Center".
- 2007 ● LONCIN passed the Motorcycle National Safety Technology Exemption Certification.
- 2012 ● it was successfully listed on the Shanghai Stock Exchange.
- 2015 ● it signed a whole vehicle strategic cooperation agreement with BMW.
- 2018 ● it released its own high-end brand for motorcycles, VOGÉ.
- 2024 ● significant changes occurred in the controlling shareholder and the actual controller. The refreshed shareholder structure has revitalized the Company's development momentum and ushered in a new chapter of growth.
- 2025 ● LONCIN marked the 20th anniversary of its collaboration with BMW Motorrad.

Honors and Awards



2025 Top 500 Chinese Private Enterprises Ranked 470th



2025 Top 100 Enterprises in Chongqing



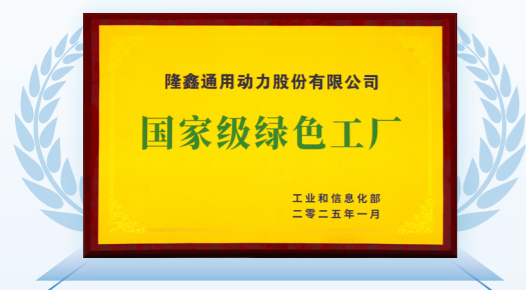
2025 Top 100 Manufacturing Enterprises in Chongqing



2025 Classic Brand Cases of Chinese Listed Companies



2025 Collective with Outstanding Contributions to Promoting the High-quality Development of the Private Economy in Chongqing Economic and Technological Development Zone



National Green Factory



Excellence-level Smart Factory



Chongqing Future Factory



2025 Lighting for Good Award Enterprise for Good



Third Guoxin Cup ESG Golden Bull Award Top 100

Corporate Culture

Corporate Vision	Global Influence, Centuries of Vitality
Brand Vision	A Leading Brand with a Low-Carbon Power System and Intelligent Products
Corporate Mission	Creating Speed & Energy, Pursuing Excellence Beyond Limits, Benefiting Humanity, Crafting Dynamic Beauty via Technology
Corporate Values	Customer First, Striving for Excellence, Collaborative Development, Contribution-oriented
Development Goal	Becoming a Global Leader in Intelligent Motorcycle Mobility
Corporate Philosophy	Attain to the Broad and Great while Addressing the Delicate and Minute
Core Concepts	Focus, Precision, Pragmatism, Innovation
Methodology	Cognition, Strategy, Action
Development Strategy	Focus on Core Business, Bigger and Stronger, More Specialized and Thorough
Strategic Initiatives	Brand Excellence, Product Leadership, Precision Channel Management, Digital and Intelligent Driven, Global Operations
Six Principles of Manufacturing	Standardization, Digitalization, Automation, Lean Manufacturing, Visualization, and Intelligence
Supply Chain Management Philosophy	Strategic Guidance, Industrial Chain Development & Strengthening, Digital and Intelligent Empowerment, Joint Contribution and Shared Benefits
Talent Philosophy	Integrity First, Learning as the Priority, Competence as the Foundation, and Performance as the Ultimate Goal

2025 Highlights

June 2025	LONCIN's vision-only intelligent lawn mower robot made its global debut at the 2025 Eisenach Garden & Horticulture Exhibition in Germany.
August 2025	LONCIN's EP350 portable energy storage power supply wins the 2025 Red Dot Award
September 2025	20th Anniversary of Cooperation between LONCIN and RUSI of the Philippines
November 2025	The 2025 Milan Motorcycle Show (EICMA) concluded successfully, with LONCIN & VOGÉ making a distinguished appearance at EICMA 2025. participated in the 8th China International Import Expo (CIIE).
December 2025	LONCIN marked the 20th anniversary of its collaboration with BMW Motorrad.

2025 ESG Performance Highlights

Economic Performance

Operating income

19,135.1545 million

Total assets

17,340.3289 million

Environmental Performance

Environmental protection investment

10.6822 million

Cumulative photovoltaic power generation

843.90 MWh

Cumulative carbon emission reduction

229.54 tons

Total recyclable waste

626.15 tons

Social Performance

Employee physical examination coverage rate

100 %

Number of employee training sessions

4,369

Number of safety training sessions

470

Number of employees in safety training

2,478 participant-times

Cumulative number of patents granted

7,111

Number of trademarks obtained

1,447

R&D investment

468.5588 million

Governance Performance

Number of board meetings held

9

Percentage of independent directors

33.33 %

Number of anti-corruption training sessions

5

Responding to the United Nations Sustainable Development Goals (SDGs)

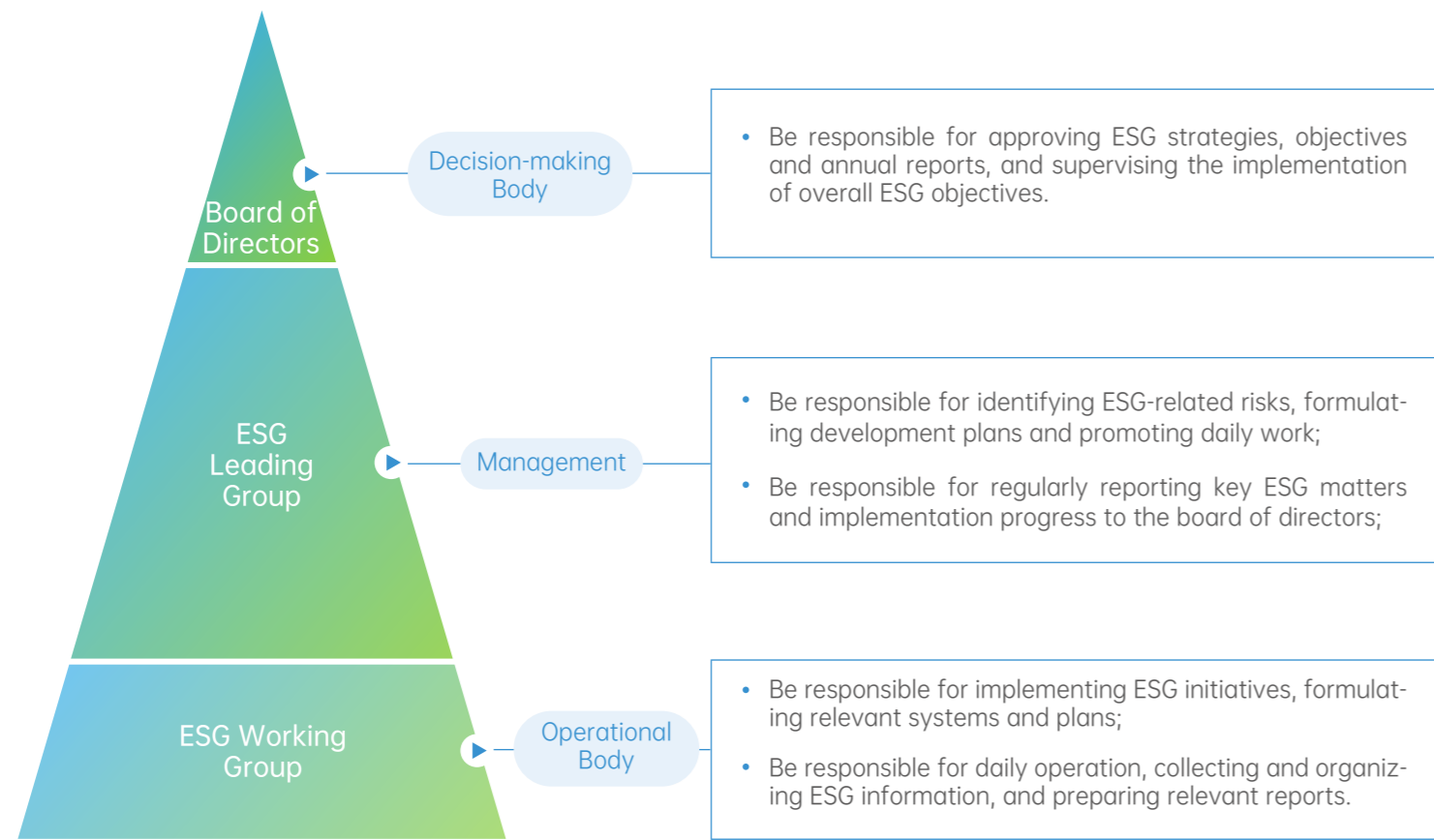
LONCIN adheres to sustainable development as its core guiding principle, and seamlessly integrates the key elements of Environment, Social, and Governance with the United Nations Sustainable Development Goals (SDGs) for 2030. By continuously improving its governance system and innovating practical approaches, the Company has consistently enhanced its comprehensive management effectiveness, proactively fulfilled its social responsibilities, and taken concrete steps to advance the implementation of the global Sustainable Development Goals. It is forging steadily ahead on the path towards high-quality sustainable development.



ESG Governance

ESG Governance Structure

LONCIN actively responds to the United Nations Sustainable Development Goals. It has established a well-targeted, scientific, rigorous, and forward-looking ESG governance framework, forming a clearly defined three-tier management system consisting of the "Board of Directors – ESG Leading Group – ESG Working Group" with distinct powers and responsibilities. The Company deeply integrates ESG principles into its business decision-making, continuously optimizes its management system and enhances management capabilities, steadily advances ESG practices throughout its operations and the entire value chain, and joins hands with employees, customers, partners, and other stakeholders to jointly move toward a sustainable future.



LONCIN ESG Structure Chart



Stakeholder Communication

In-depth participation of stakeholders serves as a key driver for the Company to continuously elevate its ESG management standards. The Company has always attached great importance to communication and collaboration with all stakeholders. It proactively collects and responds to their expectations and suggestions on the Company's ESG practices through diverse channels, and has established a diversified communication and interaction mechanism. In light of its own business characteristics, the Company has identified its core stakeholder groups, which mainly include employees, customers, investors, government and regulatory agencies, the media, industry associations, cooperative suppliers, and communities.



Analysis of Double Materiality Topics

The assessment of double materiality topics serves as the core prerequisite for ESG report preparation and the development of management systems. Its key function is to accurately identify topics that exert a significant impact on the enterprise's sustainable development, stakeholder decision-making, as well as environmental and social development, thereby clarifying management priorities and ensuring the quality of disclosures. This process reflects an enterprise's systematic ESG governance capacity, driving it to shift from the compliance baseline of passively meeting regulatory requirements to forward-looking planning that proactively integrates ESG into its development strategy. For enterprises, the assessment enables them to mitigate core risks, optimize resource allocation, and enhance brand trust and core competitiveness. Such a process demonstrates that an enterprise has integrated the ESG principles into its development strategy, possesses scientific governance capabilities and a sense of responsibility, and is committed to achieving the synergistic coexistence of corporate and social value, which aligns with the core requirements of ESG disclosure.

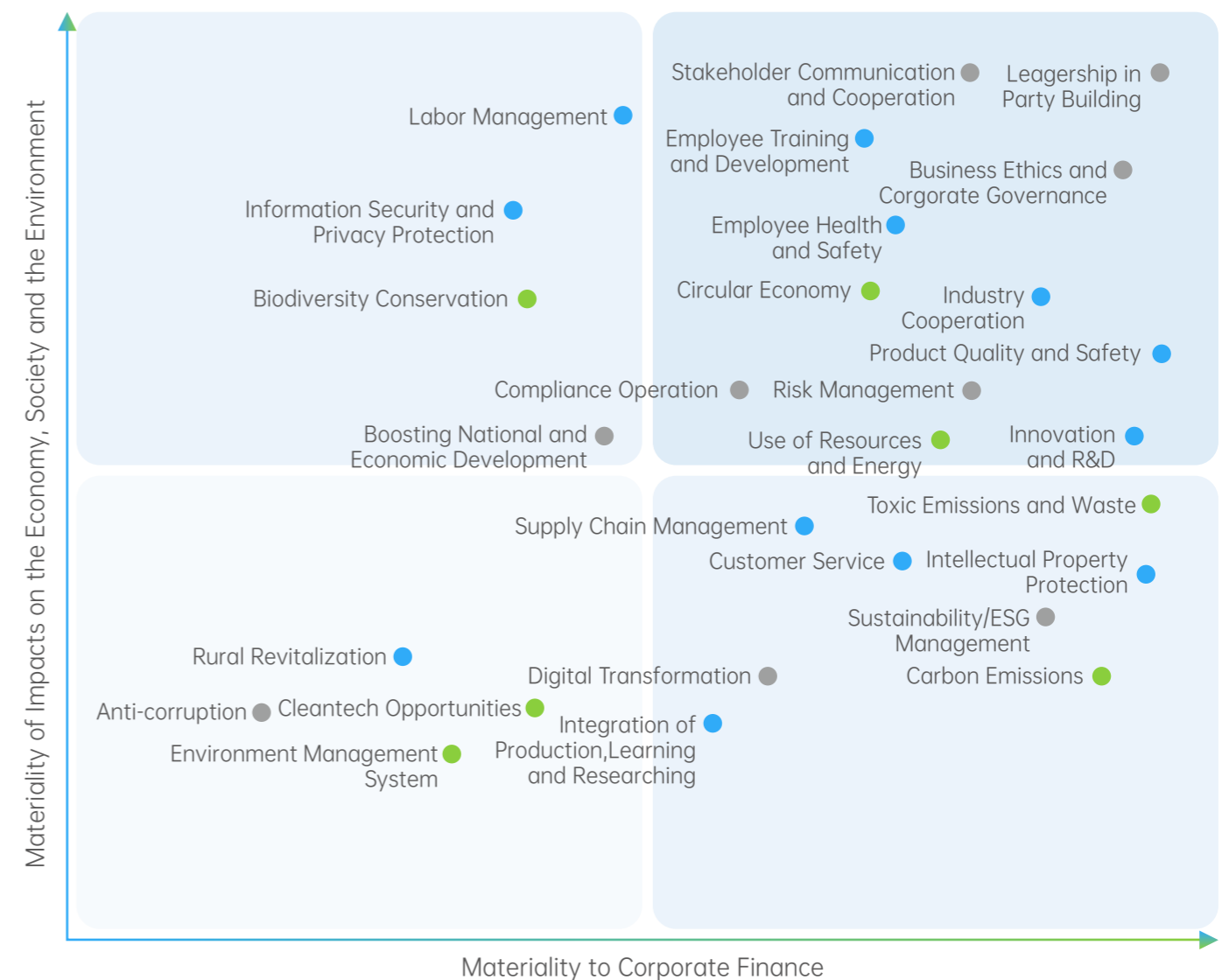
LONCIN has continuously optimized its ESG double materiality topic analysis process. By integrating core factors including stakeholders' expectations, national conditions and policies, industry characteristics, and the Company's development strategy, the Company has identified the materiality of different topics through multi-dimensional communication. It then conducted a comprehensive analysis from the dual dimensions of each topic's impacts on the enterprise and its stakeholders, and established a complete double materiality topic matrix. This matrix clearly defines the priority of topics, provides scientific guidance for the precise allocation of ESG resources and the advancement of key topics, further strengthens the systematicity and pertinence of the Company's ESG governance, and highlights its firm determination to practice the concept of sustainable development.

Analysis processes for double materiality topics:



LONCIN Double Materiality Topic Matrix

● Environment ● Society ● Governance



01

Laying a Solid Foundation for Governance Ensuring Steady & Long-Term Development Through Compliance

- 01/ Wholehearted Loyalty to the Party, Steering LONCIN on a Steady Course 14
- 02/ Building a Solid Foundation for LONCIN 16
- 03/ Steady Development with Strict Adherence to Operational Bottom Lines 17
- 04/ Walking Hand-In-Hand with Transparency and Strengthening Value Communication 20

Response to the United Nations SDGs:



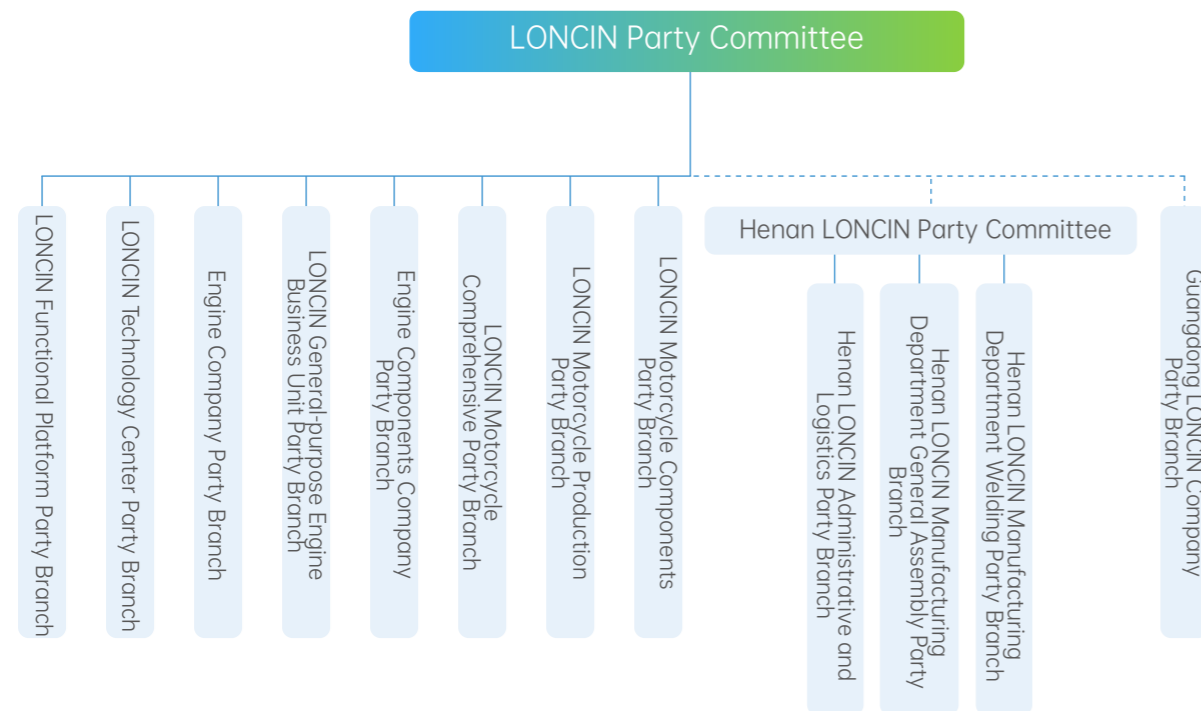
Wholehearted Loyalty to the Party, Steering LONCIN on a Steady Course

LONCIN integrates the Party's leadership into every aspect of corporate governance, strengthens the building of primary-level Party organizations, and builds a robust defense line for integrity and risk prevention and control. This ensures the Company's strategies are in step with national development strategies and guarantees its steady and long-term development.

1. Party Organization Structure

1.1 Basic Composition

The Party Committee of LONCIN has 8 Party branches within Chongqing, 1 Party branch outside Chongqing, and 1 sub-Party Committee outside Chongqing (which governs 3 Party branches). As of December 31st, 2025, the Company has a total of 461 CPC members, including 325 in-service Party members and 136 retired Party members.



Party Organization Structure Chart

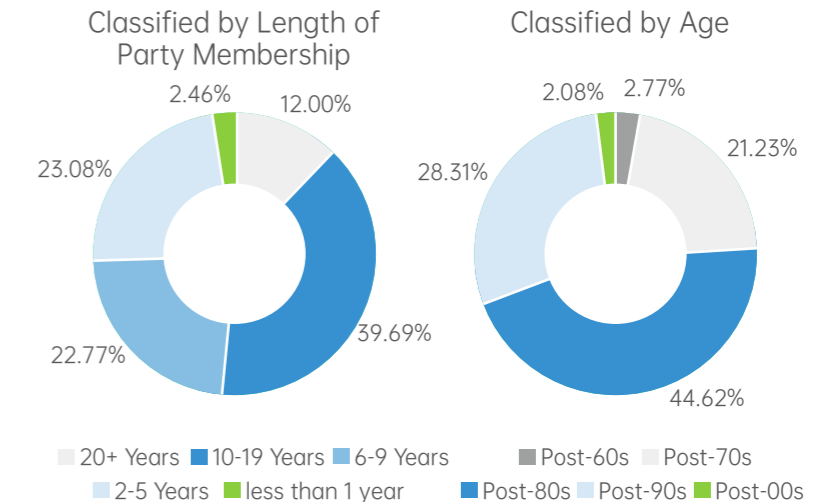
1.2 Party Member Composition

Party members of the Company are appointed to various important and key positions. Among them, 36 serve as middle and senior management cadres, accounting for 19.78% of the Company's middle and senior management cadres. Party members also make up a certain proportion in positions such as R&D (7.92%), production (0.91%), and sales (7.71%), playing a highly important exemplary and leading role.

The ranks of Party members are mainly composed of veteran Party members. Party members with a Party standing of 10 years or more account for more than 50% of the total. They serve as the backbone and stabilizing force of the Party organization.

The ranks of Party members exhibit a distinct trend of rejuvenation, with a concentrated contingent of core backbone members. Party members born in the 1980s and 1990s collectively account for over 70% of the total, forming the absolute backbone of the Party organization and infusing it with vitality. Those born in the 1970s (21.23%) serve as experienced managers, while those born in the 1960s and 2000s account for a smaller proportion. The overall structure is olive-shaped, ensuring an orderly succession.

The Party organization possesses strong external appeal and internal cohesion, and the development of Party members is conducted in a standardized and orderly manner. The Company has a sufficient and well-structured reserve of prospective members, including Party membership applicants and activists for Party membership. Currently, there are 18 Party membership applicants and 35 activists for Party membership, and the development of the reserve contingent of Party members has yielded sound results.



2. Party-building Activities

LONCIN places great emphasis on Party-building activities. In 2025, Party branches conducted themed Party Day activities, covering topics such as ideological guidance, integrity education, business integration, innovation empowerment, and collaboration with mass organizations. In particular, through initiatives such as Party building along the industrial chain, the supportive role of Party building in the Company's high-quality development has been significantly enhanced.

2.1 Ideological Guidance

The LONCIN Party Committee prioritizes political theory study as its primary task. Through systematic and routine learning mechanisms, it continuously strengthens the ideological and theoretical foundation of the Party member ranks. In 2025, focusing on the latest directives and major deployments of the Party Central Committee, the Party Committee organized all branches to conduct activities such as lectures on the spirit of the Two Sessions, study and discussion on the spirit of the Fourth Plenary Session of the 20th CPC Central Committee, and specialized study sessions on implementing the Eight-point Regulation of the CPC Central Committee. These activities cumulatively covered over 600 Party members. These activities guide Party members to fully comprehend the decisions and arrangements of the Party Central Committee, strengthen the "Four Consciousnesses", enhance the "Four-sphere Confidence", and ensure the "Two Upholds".

Case | Innovating Party Building Activity Forms

The Company's Party Committee emphasizes innovation in formats and diversification of platforms. In 2025, the Company innovated the forms of its Party building work and broadened learning channels. In collaboration with the "Yima Dangxian" Party Branch of the Baishiyi Court of Jiulongpo District, it invited Comrade Liu Ping, a National People's Congress deputy, to visit the Company and deliver a special lecture on the spirit of the Two Sessions. This activity effectively guided Party members to deeply grasp the decisions and plans of the Party Central Committee, and to effectively transform the outcomes of their studies into a powerful driving force for promoting the high-quality development of the Company.



Lecture on the Spirit of the "Two Sessions"

2.2 Business Integration

The Party Committee of LONCIN adheres to integrating Party building work into the entire process of production and operations. It has fully implemented the creation of "Model Post for Party Members" and "Responsibility Zone for Party Members" across all Party branches, guiding Party members to play a vanguard and exemplary role in key positions such as technical research, production frontlines, and market development. Each Party branch, based on its specific business characteristics, has established Party member technical research teams and Party member task forces to tackle key challenges and difficulties in production and operations.

In addition, the Company actively explores new models for Party building within the industrial chain, using Party building as a link to promote the coordinated development of upstream and downstream enterprises. Each Party branch proactively engages in joint Party building activities with partners such as Yuanping Machinery. Through joint initiatives such as themed Party days, technical exchanges, and business seminars, the Company promotes the deep integration of Party building work with the development of the industrial chain. Through Party building within the industrial chain, resources have been effectively integrated, injecting powerful momentum into enhancing the overall competitiveness of the industrial chain.

Case | Integrity Warnings: Strengthening the Disciplinary Defense

The Company's Party Committee has always placed Party conduct and integrity building at the forefront, adhering to the principle of prioritizing education and focusing on prevention. In July 2025, the Company organized Party members and cadres to visit the Chongqing Party Conduct and Integrity Education Base for immersive warning education. Through viewing exhibition panels of typical cases, listening to statements made by serving prisoners, and watching educational films, Party members and cadres underwent a profound ideological cleansing and spiritual awakening. Following the activity, Party members and cadres engaged in discussions and wrote reflective essays, guided to take these cases as lessons, keep the warning ever-present, and remain vigilant in upholding integrity and self-discipline at all times. Through education and guidance, Party members and cadres are encouraged to cultivate a sense of reverence, maintain caution, and adhere to ethical boundaries, thereby fostering a political environment characterized by integrity and uprightness.



Integrity Education

Case | Joint Party Building Drives Industrial Synergy Development

To strengthen the leading role of Party building and foster a new pattern of open and coordinated industrial Party building, the Company organized a symposium in 2025 themed "Integrating Party Building with the Supply Chain: A Red Engine Empowering High-quality Development." During the event, the Company engaged in in-depth discussions with the heads of Party organizations from seven core supply chain enterprises, including Degang Technology, Taicang Technology, and Yinjiao Brake, and signed an agreement on joint Party building for the industrial chain. At the same time, the Company conducted a Party-building exchange activity with the Party branch of Humi Technology to learn from advanced practices and promote mutual improvement. Through joint Party-building efforts, the Company is driving organizational collaboration, resource sharing, and mutually beneficial development.



Party-building Activities Integrated with Business

Building a Solid Foundation for LONCIN

LONCIN has continuously optimized its corporate governance structure. By establishing six specialized committees, maintaining frequent governance meetings, and promoting diversity in the composition of the Board of Directors, the Company has built a modern corporate governance system characterized by clear delineation of powers and responsibilities, scientific decision-making, and effective checks and balances. This has provided a solid institutional guarantee for the Company's standardized operations and sustainable development.

1. Governance Structure

LONCIN strictly adheres to laws, regulations, and supervisory requirements such as the Company Law of the People's Republic of China (hereinafter referred to as the Company Law) and the Code of Corporate Governance for Listed Companies (hereinafter referred to as the Governance Code), fully integrating compliance requirements into corporate governance processes to continuously enhance the standardization of operations. To meet the needs of business development, on February 14th, 2025, the Company systematically optimized the specialized committees under the Board of Directors, establishing six specialized committees: the Strategy and Investment Committee, the Audit and Risk Control Committee, the Budget Management Committee, the Related Transactions Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. This adjustment aims to clarify the boundaries of authority and responsibility for each committee, fully leverage their professional decision-making and supervisory functions, and thereby establish an operational mechanism characterized by clear delineation of authority and responsibility, effective checks and balances, and scientific decision-making among the General Meeting, the Board of Directors, and the management team, thereby effectively safeguarding the legitimate rights and interests of the Company and all shareholders.

The proposals regarding the addition and adjustment of committee members were reviewed and approved at the fifth meeting of the fifth Board of Directors on March 4th, 2025. This marks a further refinement of the Company's governance structure, laying a solid institutional foundation for enhancing the efficiency and scientific nature of decision-making and meeting the requirements of the new stage of development.



LONCIN Corporate Governance Structure Chart

LONCIN maintains a standardized and efficient governance operation, strictly fulfilling its duties in accordance with relevant laws and regulations such as the Company Law and the Governance Code, as well as the provisions of the Company's Articles of Association. In 2025, in accordance with relevant regulations and the Company's corporate governance requirements, the Company held a total of 26 meetings, which effectively guaranteed scientific decision-making and compliant operation of the Company's major matters.

2. Diversification of the Board of Directors

In order to establish a more scientific and efficient corporate governance system, LONCIN has optimized the composition of the Board of Directors, actively promoted diversity, and established a governance structure that maintains a balance between age and professional background. Members of the Board of Directors range in age from 30 to 60, creating a tiered structure that combines the succession of experience with the dynamism of innovation; furthermore, Members of the Board of Directors hold outstanding academic qualifications, with over 80% holding a master's degree or higher.

The Company's Board of Directors strictly adheres to corporate governance standards. In 2025, the Board of Directors comprises nine members, three of whom are independent directors. The Company's directors possess diverse professional backgrounds covering multiple fields including finance, management, law, engineering and science, providing robust professional support and multi-faceted intellectual input to meet the diverse requirements of the Company's strategic decision-making and business development.

LONCIN Governance Structure Conference in 2025

Meeting	Number
General Meeting	3
Board of Directors	9
Audit and Risk Control Committee	4
Nomination Committee	3
Remuneration and Appraisal Committee	3
Strategy and Investment Committee	1
Budget Management Committee	1
Related Transaction Committee	1
Special Meeting of Independent Directors	1

List of Board Members and Their Positions

Name	Genders	Education	Profession	Position held
Li Yao	Male	Master's degree	Management	Nomination Committee , Strategy and Investment Committee
Hu Xianyuan	Male	Master's degree	Engineering	Remuneration and Assessment Committee, Strategy and Investment Committee, and Budget Management Committee
Huang Peiguo	Male	Master's degree	Economics	Strategy and Investment Committee and Related Transaction Committee
Jiao Yiyang	Male	Master's degree	Science	Audit and Risk Management Committee, Strategy and Investment Committee and Related Transaction Committee
Liu Zhao	Male	Master's degree	Engineering	Audit and Risk Management Committee, Strategy and Investment Committee
Gong Hui	Male	Master's degree	Business Administration	Strategy and Investment Committee
Liu Jianxin	Male	PhD	Management	Audit and Risk Management Committee, Nomination Committee, Strategy and Investment Committee, Related Transaction Committee and Independent Director
Chen Dingwen	Male	Master's degree	Accounting	Audit and Risk Management Committee, Remuneration and Assessment Committee, Strategy and Investment Committee, Budget Management Committee, Related Transaction Committee and Independent Director
Yang Zeyan	Male	Master's degree	Law	Audit and Risk Management Committee, Nomination Committee, Remuneration and Assessment Committee, Strategy and Investment Committee, Budget Management Committee, Related Transaction Committee and Independent Director

Steady Development with Strict Adherence to Operational Bottom Lines

LONCIN has established a multi-dimensional compliance governance framework covering risk management, internal controls, business ethics, anti-corruption, and data security and privacy protection. Through organisational restructuring, the refinement of policies and procedures, technological empowerment and regular training, the Company has comprehensively enhanced its risk prevention and control capabilities and compliance standards, thereby providing a solid foundation for high-quality development.

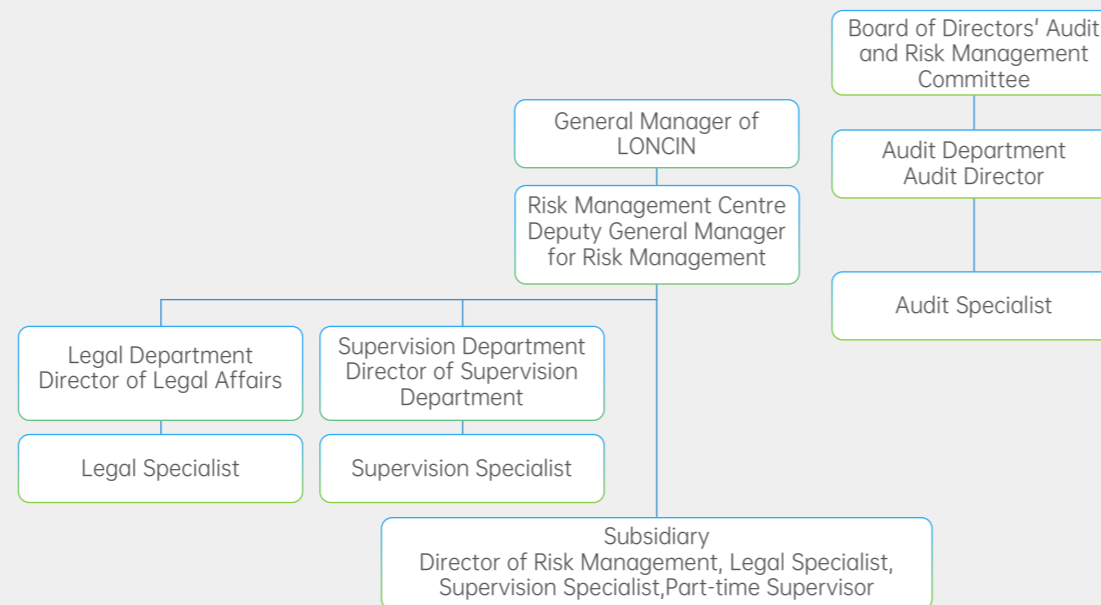
1. Risk Management and Internal Control

To improve risk management effectiveness, LONCIN implemented significant optimisations to its risk management framework in 2025. The Company restructured the former Audit Committee into the Audit and Risk Management Committee, and revised the corresponding Rules of Procedure for the Board's Audit and Risk Management Committee to clarify its powers and responsibilities, whilst further refining the working mechanisms of the Audit and Risk Management Committee and the Audit Department. Under the leadership of the Board of Directors, the Company has established a clear "Three Line of Defence" risk management organisational structure. The first line of defence comprises the various business departments, which are responsible for identifying and controlling risks in their day-to-day operations; the second line of defence consists of the Company's Risk Management Centre, which carries out professional risk monitoring and compliance management; the third line of defence consists of the Internal Audit Department, which is responsible for auditing and providing oversight of the effectiveness of the first two lines of defence.

To ensure the effectiveness of the internal control system, the Company strictly adheres to regulations such as the Basic Standards for Enterprise Internal Control and continuously refines management systems such as the Internal Audit System. Furthermore, it systematically integrates key elements including risk prevention and the delineation of responsibilities and authorities into internal control processes, thereby promoting the efficient operation of the entire internal control system.

1.1 Organisational structure

LONCIN has established a three-tier risk management and supervision organisational structure characterised by clear hierarchy and well-defined responsibilities. Under the leadership of the Audit and Risk Management Committee, which reports to the Board of Directors, the system is implemented in practice by the Risk Management Centre. This framework represents LONCIN's management philosophy of deeply embedding risk management and internal oversight into corporate governance and business operations, providing a solid organisational foundation for the Company's compliant operations and steady development.



Note: For subsidiaries that have not yet established dedicated risk management positions, the Risk Management Centre provides shared services for the relevant operations.

1.2 Functional analysis

LONCIN has established a comprehensive risk management system covering the entire process—from pre-event, during-event to post-event. With risk governance and internal control as its cornerstones, the system operates systematically through six functional modules:

- Top-level design and institutional development:** establishing the institutional foundations for a comprehensive risk management and internal control framework.
- Prevention in advance and proactive forecasting:** Implementing pre-emptive measures through legal risk assessments of contracts, litigation and major projects to identify and mitigate potential risks at source.
- In-process control and process supervision:** Strengthen during-process control through routine oversight mechanisms such as contract review, standardised contracts, and the monitoring and follow-up of major matters, as well as through vulnerability assessments.
- Technical empowerment and intelligent monitoring:** By leveraging IT tools such as ERP and big data to integrate production and operational data, achieving real-time risk monitoring and intelligent early warning.
- Independent verification and audit supervision:** Verifying the effectiveness and compliance of the internal control system through audit management.
- Post-incident accountability and integrity governance:** Establish mechanisms for reporting, investigation and accountability; step up anti-fraud efforts; strengthen the defences of integrity and self-discipline; and ensure a closed-loop approach to post-incident resolution.

This multi-dimensional risk management framework, which encompasses decision-making, operations and supervision, has effectively enhanced the Company's strategic resilience, operational transparency and compliance standards in the face of market volatility, thereby providing a solid foundation for high-quality development.

1.3 Risk management training

In order to improve all employees' awareness of risk prevention and control as well as their professional competence, the Company has established a regularised training programme dedicated to risk management. The training comprehensively covers topics such as trade compliance risks, tariff war risk prevention, sales compliance risks, risks associated with foreign labour regulations, contract management risks, personal data protection risks, tendering and procurement, and the management of related-party transactions. The Company has organised systematic, in-depth training for staff in key roles such as legal affairs, international operations, human resources management and digital technology, thereby effectively promoting the integration of risk prevention and control principles into daily work practices. In 2025, the Company conducted a total of seven specialised risk management training sessions, significantly improving the risk prevention capabilities of all staff and strengthening the defences underpinning the Company's sound operations.

Case | Prevention of Contract Performance Risks

On April 25th, 2025, the Company conducted a specialised training session on targeted risk prevention, focusing on key aspects of international trade policy and contract fulfilment. The Company organised a specialised training session on "Prevention of Contract Performance Risks Under Tariff Wars", attended by a total of 45 participants, primarily comprising legal staff and personnel involved in international business from the General Machinery Division. The training focuses on four key areas: an analysis of recent US tariff policies; a self-assessment of contract performance risks in the context of tariffs; recommendations on strategies for managing performance risks; and guidance on common risk areas in trade contracts. The training effectively improves the ability of staff in relevant roles to identify and manage risks in a complex trading environment, providing professional support for the compliant conduct of international business.



Risk Management Training Image

2. Business Ethics

2.1 Integrity system framework

The Company strictly complies with the Company Law and the Criminal Law of the People's Republic of China (hereinafter referred to as the "Criminal Law") and other relevant laws and regulations. On this basis, and taking into account the Company's specific circumstances, it has formulated and implemented internal management systems such as the Detailed Rules for the Implementation of the Anti-Fraud Management Regulations, the Whistleblowing and Complaints Management Regulations, the Integrity Management Regulations, the Internal Supervision Management Measures, the Internal Accountability System and the Measures for the Supervision of Tendering Activities.

In order to foster a business environment characterised by integrity and probity, the Company has established clear and stringent anti-corruption compliance requirements for both its employees and business partners. It strictly prohibits any form of bribery or the improper transfer of benefits, and has strengthened its integrity safeguards through the implementation of a systematic framework of policies and procedures. The Company's human resources and corporate management departments have established a comprehensive integrity record management system covering all staff, incorporating employees' conduct and records regarding integrity and self-discipline into the key evaluation criteria for performance assessments, appointments and removals from post, and promotions. This initiative effectively encourages staff to cultivate a sense of compliance from the ground up and enhances their ability to exercise self-discipline. In 2025, the Company experienced no incidents of corruption, fraud, unfair competition or other breaches of business ethics, and there were no lawsuits or significant administrative penalties arising from such breaches.

2.2 Whistleblowing Channels

In order to standardise the procedures for handling whistleblowing and complaints, safeguard the rights of whistleblowers, identify and resolve issues in a timely manner, and uphold the Company's normal order and principles of fairness and justice, LONCIN has formulated and implemented the Whistleblowing and Complaints Management Regulations. The regulations explicitly stipulate that the scope of the whistleblowing and complaints mechanism covers company employees, suppliers and members of the public, and that the types of misconduct covered include seven categories, such as embezzlement and bribery, dereliction of duty and negligence, and the disclosure of trade secrets.

Whistleblowing procedure: The Company implements a tiered handling mechanism, whereby routine reports are referred to the relevant operational departments, whilst serious matters are investigated directly by the Supervisory Department, with the findings reported to the Chairman; a comprehensive protection system has been established to strictly safeguard the confidentiality of whistleblowers' information, and any form of retaliation is expressly prohibited; a closed-loop management process has been established, including a review procedure to be initiated within 10 working days, and provisions for financial rewards for valid reports.

Whistleblowing channels:

Whistleblowing email: tousu@loncinindustries.com

Whistleblowing mailbox: The Company's Supervision Department is responsible for managing the whistleblowing mailbox.

Through a 24-hour response mechanism and standardised documentation management, this system both safeguards the legitimate rights and interests of whistleblowers and provides management with a formal channel for understanding conditions on the ground, thereby significantly enhancing the Company's risk prevention and compliance governance standards.

2.3 Integrity training

In 2025, the Company organised a series of targeted training initiatives centred on the themes of professional integrity and risk management, which effectively improved the compliance awareness and operational capabilities of the relevant staff.

The Company has conducted a total of four core courses and one cross-departmental comprehensive training programme, with over 150 participants in total. The training is specifically targeted at key groups involved in the prevention and control of integrity risks, including staff within the supervision system, procurement personnel and part-time supervisors. In terms of content design, the programme emphasises a blend of theory and practical application, covering interpretations of internal regulations such as the Scoring Guidelines for Key Supervision Matters and the Measures for the Supervision of Tendering Work, as well as practical topics including the operational procedures for the risk control platform and case studies of emergency risk incidents. Through a series of training sessions, the Company has not only systematically communicated its integrity and compliance requirements but has also significantly enhanced the ability of staff in key roles to identify risks and operate in accordance with regulations in their daily work. This has laid a solid foundation for establishing robust internal oversight mechanisms and fostering a corporate culture of integrity and self-discipline.

Case | Tendering Training

To improve the standardisation and professionalism of the tendering procedures, and to strengthen awareness of integrity in professional conduct and compliance capabilities, the Company has focused on key aspects of procurement and supervision, organising specialised comprehensive training to ensure that policies are effectively implemented and adhered to. On September 29th, 2025, the Equipment and Technical Upgrading Department and the Supervision Department organised a "Comprehensive Training Course on Tendering Procedures" for relevant personnel from the procurement and supervision systems. The training covers the Tender Management Measures and the Tender Supervision Measures, and is designed to enhance the implementation of control and supervision mechanisms within the tendering process. Through systematic training, the relevant staff's understanding of the regulations and their ability to implement them have been effectively enhanced, providing strong support for the standardised operation of the Company's tendering procedures and the promotion of integrity.



Tender Integrity Training Image

Data collection

The Company complies with the principles of lawfulness, legitimacy and necessity, clearly defining the purpose, methods and scope of data collection. Where personal data is collected, the data subject must be informed and consent obtained. The Company maintains a data collection inventory and log records to ensure the traceability of data sources and the compliance of the collection process.

Data storage

The Company implements a classification and grading system, applying differentiated storage strategies to data of varying sensitivity levels. Important data and sensitive personal information are stored in encrypted form, and retention periods are clearly defined for each category of data to ensure confidentiality, integrity and availability throughout the storage period.

Data usage

The Company strictly implements the principle of least privilege, assigning data access and manipulation permissions to users in accordance with business requirements. Permissions are periodically reviewed and cleaned up, and significant operations involving sensitive data are logged and audited. When sensitive data is used in non-production environments, it is anonymised to prevent data breaches or misuse.

Data sharing

The Company has established a data sharing approval process that clearly defines the scope, purpose, methods and security responsibilities of data sharing. When sharing sensitive data externally, a security assessment must be conducted and a data sharing and confidentiality agreement signed; the import and export of data are subject to strict approval and monitoring.

Data destruction

The Company has established a data destruction mechanism, specifying the methods for erasing data from storage media. Data that has exceeded its retention period or is no longer required is processed in accordance with prescribed procedures, and records of the destruction are retained.

Through the aforementioned full-process control measures, LONCIN has effectively mitigated security risks such as data breaches and tampering, thereby providing a robust data security safeguard for the stable operation of its business.

3.3 Technical systems and physical security measures

LONCIN has established a comprehensive data security framework covering multiple layers, including infrastructure, network perimeters, data storage, access control and security auditing, complemented by robust physical security measures, thereby providing solid technical support for data security throughout the entire lifecycle.

By deploying perimeter security devices such as firewalls and intrusion detection/prevention systems (IDS/IPS), the Company establishes network access control mechanisms to achieve logical isolation between different business networks, thereby effectively defending against external cyber-attacks and malicious intrusions. SSL/TLS encryption protocols are used to secure data transmission links, ensuring the confidentiality and integrity of data during transmission.

The Company has established a comprehensive physical security system for its data centres. Data centres implement rational planning of functional zones, clearly demarcating key areas such as data storage and data processing zones, and enforce strict physical isolation measures to prevent unauthorised access. Furthermore, multi-factor authentication and access approval mechanisms are established, utilising technologies such as access control systems and biometrics to ensure that only authorised personnel can enter critical areas of the data centre. With regard to storage device security, the Company selects storage devices with high-security features that support functions such as encryption and access control. It plans the deployment of these devices appropriately, implements physical isolation measures, and carries out regular maintenance and upgrades to ensure the long-term stable operation of the storage devices.

3.4 Customer privacy protection

The Company strictly complies with the confidentiality requirements of its business partners. In its collaboration with international clients such as the Husqvarna Group, both parties have signed a General Supply Agreement which clearly stipulates confidentiality clauses, committing to the strict protection of non-public information provided by the client; this obligation remains in force for five years following the termination of the agreement. This not only demonstrates the Company's commercial integrity, but also serves as an institutional safeguard for building a responsible supply chain and maintaining long-term customer trust, thereby providing a solid compliance foundation for the Company's internationalisation strategy. In 2025, the Company did not experience any customer privacy and information breaches, which fully demonstrates the effectiveness of the Company's governance in protecting customer information.

3.Data Security and Privacy Protection

3.1 Rules and Regulations

LONCIN has established a comprehensive and systematic data security and privacy protection management system. The Company strictly complies with national laws and regulations such as the Cybersecurity Law, the Data Security Law and the Personal Information Protection Law, and has formulated the Information Security Management Manual, Information Security Risk Management Regulations, Data Centre Management Regulations, System Security Management Regulations, Data Backup Management Regulations, Measures for the Protection of Personal Information and Data Security, Cybersecurity Management Regulations, Virus and Malicious Code Prevention Management Regulations, Account Permissions and Password Management Regulations, and Information Security Awareness Education and Training Management Regulations. These cover multiple dimensions, including data lifecycle management, physical and environmental security, network and system security, risk control, and personnel access management.

LONCIN has adopted a governance approach that integrates information security into its daily operations and proactively builds a defense system. Through multi-layered institutional arrangements covering policy, management, technology and operations, the Company has established robust safeguards for the security of its core information assets and personal data.

3.2 Security management throughout the data lifecycle

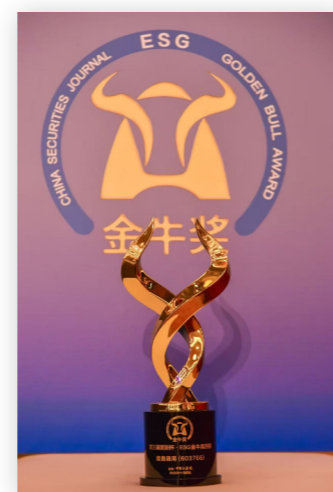
LONCIN Digital Centre is the Company's central supervisory and operational department for data security and privacy protection, responsible for providing guidance, conducting inspections, revising policies and managing incident response. The Company has established a security management system covering the entire data lifecycle, from collection and storage to usage, sharing and destruction. Through a Three-in-One approach combining regulatory frameworks, technical safeguards and operational management, the Company ensures that data remains secure and under control at every stage of its flow.

Walking Hand-In-Hand with Transparency and Strengthening Value Communication

LONCIN has always regarded standardised and transparent disclosure of information, together with efficient and open communication with investors, as a core element of corporate governance. The Company has established a communication mechanism underpinned by compliant disclosure and supported by diverse forms of engagement, thereby effectively safeguarding investors' rights and interests and consistently conveying the Company's value. In 2025, LONCIN received numerous accolades in a range of authoritative awards, covering various areas including corporate governance, ESG practices, investor relations and the performance of the Board Secretary. This award not only reflects the capital market's recognition of the Company's achievements in high-quality development, but also demonstrates its overall strength in terms of standardised operations, transparent governance and value delivery.

Ye Kejia, Board Secretary of LONCIN, has secured a number of prestigious awards in 2025, including a 3A rating in the "Board Secretary Performance Evaluation" by the China Listed Companies Association; she was named "Best Board Secretary" in the New Fortune magazine awards, whilst the Company's Securities Affairs Representative, Zhang Xiaowei, was named "Best Securities Affairs Representative"; Furthermore, the Board Secretary was honoured with the "Outstanding Board Secretary" award at the "2025 China Listed Companies Yinghua Awards" organised by China Fund News; received the "Elite Board Secretary Award" in the "SSE Eagle · Golden Quality" selection by Shanghai Securities News; was named "Best Main Board Listed Company Board Secretary" in the "2025 Listed Companies Reputation Ranking"; and was selected as one of the "Top 100 Most Popular Board Secretaries" by Tonghuashun. At the same time, the Company has been honoured with awards and accolades including the "The 3rd China Reform Cup · ESG Golden Bull Award Top 100", "Listed Companies Favoured by Institutions" and "Top 300 Most Popular Rising Companies".

These numerous awards serve not only as a testament to our past achievements, but also as a driving force for our future endeavours. This fully reflects the recognition of LONCIN's corporate governance standards and the capabilities of its professional team, and demonstrates the Company's strong commitment to promoting high-quality development and safeguarding shareholders' interests.



1. Disclosure of Information Mechanism

The Company aims to strengthen the management of information disclosure, enhance the standard and quality of such management, and ensure that information disclosed is truthful, accurate, complete, timely and fair. In accordance with the provisions of the Company Law, the Securities Law of the People's Republic of China, the Corporate Governance Guidelines, the Measures for the Administration of Information Disclosure by Listed Companies, the Shanghai Stock Exchange Listing Rules, and other relevant laws, administrative regulations, and normative documents, as well as the Company's Articles of Association, these Information Disclosure Management Rules have been formulated to ensure that the Company discloses information relating to its operations and management in a timely, accurate and complete manner, in accordance with the law and relevant regulations, thereby enabling investors and other stakeholders to understand the Company's corporate governance structure and operational status.

The Company discloses information to the public via the official website of the Shanghai Stock Exchange and designated media outlets, ensuring that all investors have equal and simultaneous access to such information. Furthermore, the Company undertakes that all information disclosed to the public is true and accurate, protects inside information, resolutely prevents insider trading, and strictly prohibits any entity from disclosing confidential information relating to the Company or individuals in any form.

2. Investor Relations

In 2025, the Company maintains a strong commitment to investor relations and, adhering to the principles of openness, fairness and impartiality, is dedicated to establishing an efficient and transparent investor relations management system to foster effective communication and interaction between the Company and its investors. Therefore, the Company has established a multi-channel, multi-tiered communication system, comprising earnings briefings, the SSE e-Interaction platform, investor reception days, an investor helpline, on-site visits, online discussion forums and periodic reports, to ensure that investors can easily access information and engage in dialogue.

In 2025, the Company organised three full-year results briefings and, through proactive planning and the delivery of over 100 intensive roadshows across Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong, established a deep, one-to-one foundation of trust with key investors; simultaneously, it actively participated in 20 strategy briefings hosted by leading brokerages, widely disseminating the Company's development narrative; clearly articulating our business logic and future outlook; furthermore, innovatively organising our first-ever on-site inspection of overseas operations, which significantly enhanced market transparency and recognition, elevating the team's role from mere "information disseminators" to the Company's "value discoverers" and "trust builders".

In 2026, to ensure that investors are kept fully informed of the Company's performance, the Company will continue to hold regular earnings briefings and will continually explore and expand its range of communication channels. The aim is to attract the attention of a wider investor base, enhance their understanding of the Company, and strengthen their recognition of the Company's value.

The Company places great emphasis on investor returns and, in accordance with the Companies Law and relevant regulatory guidelines, has established a sound, sustainable and stable dividend policy, with a clear commitment to providing shareholders with long-term, stable cash returns. As of 2025, the Company has paid cash dividends for 14 consecutive years, with total dividends amounting to RMB 4.016 billion (including the interim dividend for 2025). This figure far exceeds the Company's cumulative equity financing (RMB 1.017 billion), representing a truly historic net return to shareholders.

In particular, in order to actively respond to the State Council's Several Opinions on Strengthening Supervision, Preventing Risks and Promoting High-Quality Development of the Capital Market and Several Opinions on Strengthening the Protection of Small and Medium-sized Investors in the Capital Market, as well as the guiding principles of relevant documents issued by the China Securities Regulatory Commission and the Shanghai Stock Exchange, and in accordance with relevant laws and regulations, the Articles of Association and the Company's actual operating conditions, the Company has formulated and implemented the 2025 interim profit distribution plan, distributing a total cash dividend of RMB 410,708,370.00.

The Company has established a virtuous cycle of "value discovery—trust-building—profit-sharing—value enhancement" through a dual engines of value delivery and shareholder return practices. By distributing actual dividends, it has demonstrated its commitment to rewarding shareholders and continues to cultivate an outstanding reputation in the capital markets as a "value creator" and "profit-sharer".

In 2026, the Company will continue to focus on long-term and sustainable development, balancing the overall interests of all shareholders with the Company's capacity for sustainable growth. Taking into account the Company's actual circumstances and the wishes of shareholders, we will actively assess the feasibility of measures such as increasing the frequency and payout ratio of dividends, whilst continuing to provide investors with consistent and stable cash dividends, and striving to deliver long-term, stable and sustainable value returns to shareholders.

Case | Half-Yearly Performance Briefing

To improve the effectiveness of its information disclosure and strengthen investors' recognition of the Company's value, the Company held its 2025 Half-Yearly Performance Briefing on August 26th, 2025, via the SSE Roadshow Centre platform, engaging in in-depth discussions with investors on key topics such as operational performance, strategic planning and industry trends. Through systematic and multi-faceted responses to questions, the Company effectively communicated its strategic progress and operational resilience, thereby strengthening trust and recognition within the capital markets.



Half-Yearly Performance Briefing

02

Empowered by Innovation Forging Outstanding Products

- 01/ Empowered by Intelligent Innovation, Jointly Writing a New Chapter in the Industry
- 02/ Risk Control as a Foundation, Safeguarding the Development of the Green Chain
- 03/ Comprehensive Quality Management Across the Entire Supply Chain, Strengthening the Foundation of Quality

Response to the United Nations SDGs:



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS

Empowered by Intelligent Innovation, Jointly Writing a New Chapter in the Industry

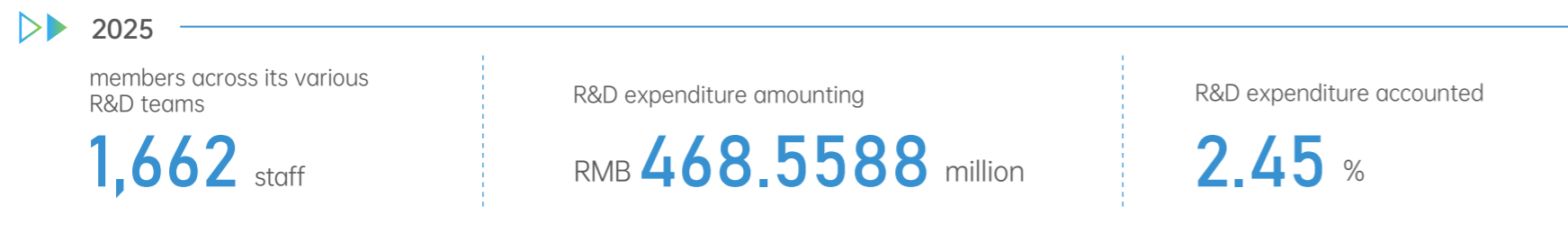
LONCIN places great emphasis on technological research and development, has established a comprehensive R&D framework, continues to increase investment in R&D, and is constantly deepening its technical cooperation with a number of companies. The Company focuses on the field of smart manufacturing, actively promoting the development of motorcycle-related data platforms, the local deployment of large language models, and the establishment of an industrial intelligence platform. At the same time, emphasis is placed on building up intellectual property assets, with continuous technological innovation and a diversified technological portfolio serving to lay a solid technological foundation for industrial upgrading and high-quality development.

1. Research and Development Management

LONCIN places great emphasis on research and development, and has established an R&D structure comprising a "Platform Technology Centre" and "Business Division Product Development Centres". The Company priorities fundamental research, digitalization and intellectual property as key enablers, using the market as its anchor to comprehensively drive innovation and breakthroughs across all business lines. The Company has established comprehensive simulation capabilities covering the entire development process, including structural strength, dynamic performance, thermal management, fluid dynamics, reliability and NVH (noise, vibration and harshness), and possesses the corresponding engineering solutions to fully support the technical requirements and growth momentum of all business units.

In 2025, LONCIN had a total of 1,662 staff members across its various R&D teams, with R&D expenditure amounting to RMB 468.5588 million. R&D expenditure accounted for 2.45% of revenue, reflecting the Company's continued commitment to strengthening its investment in technology.

Guided by a strategy of synergy and collaborative innovation, the Company has not only deepened its strategic partnerships with renowned domestic and international enterprises such as BMW and research institutions, but has also continued to inject innovative momentum into the sector's development by accelerating the commercialisation and industrial application of technological achievements.



Key technological R&D achievements in 2025:

- Technical Enhancement and Platform Development for New Products**
 Technical enhancements were implemented across 46 key new products, covering performance aspects such as powertrain smoothness, handling, reliability, vibration and ride comfort, exhaust sound quality, thermal comfort and aerodynamic drag, achieving a leading position within the domestic market. Four technical platforms for performance development across production lines were successfully established, providing systematic support for product iteration.
- Core Technology R&D and Forward-Looking Strategy**
 Undertake 20 new technology R&D projects, continue to build core technology platforms, and drive preliminary research and engineering applications for new systems and materials; simultaneously, deepen our expertise in AMT and variable exhaust technologies, steadily advance the development of new technologies such as mild-hybrid systems and intelligent vehicle bodies, and establish core design capabilities.
- R&D Capacity Building and Strategic Implementation**
 Advancing 29 R&D capacity-building projects, achieving breakthroughs in areas such as objective and subjective evaluation systems, vibration and thermal management, providing comprehensive support for the implementation of the "Precision Control 2.0" strategy, and continuously reinforcing the "Precision Control" product value proposition.

2. Digital and Intelligent Transformation

LONCIN is focusing its efforts on the field of smart manufacturing, consistently treating it as the core strategic engine for driving high-quality development and leading industrial upgrading. The Company actively promotes the deep integration and mutual empowerment of smart technologies and advanced manufacturing. By leveraging its established end-to-end digital and intelligent system—spanning the entire journey "From Market Opportunities to Commercial Realisation"—it achieves cost reduction and efficiency gains through lean and intelligent methods, empowering high-quality corporate operations through new-quality productive forces, and establishing a digital and intelligent empowerment system and core competitive advantages across all business scenarios.

2.1 Awarded the Title of "Excellent-level Smart Factory" and "Future Factory"

In September 2025, Chongqing LONCIN ENGINE Co., Ltd. was awarded the National Excellent-Level Smart Factory. In December 2025, it further received the title of Chongqing Future Factory. Through the development of next-generation technologies, the Company has established a total of 44 models, comprising 1 geometric model, 28 algorithmic models, 12 design simulation models and 3 mechanistic simulation models, as well as 10 knowledge bases.

Based on comprehensive calculations, once the project is implemented, production efficiency is expected to increase by 82.22%, operating costs to decrease by 34.81%, product defect rates to fall by 22.22%, R&D cycles to be shortened by 17.9%, energy utilisation to improve by 14.19%, and the rate of CNC equipment adoption in key production processes to reach 100%. By deploying ten major intelligent agent application scenarios across the entire spectrum of business, design and production, the project has achieved a significant leap forward in intelligence and digitalisation, demonstrating the Company's core competitiveness in the field of smart manufacturing.

2.2 Generic Deployment of Open-Source Large Language Models to Drive Industrial Upgrading

LONCIN has deployed the open-source large language models locally. On one hand, it has taken the lead in the industry by achieving deep integration between Wuji Motorcycles' "Jiyu OS" and intelligent agent, upgrading the "Riding Assistant" and planning to integrate third-party ecosystems, thereby providing users with a smarter, more engaging and revolutionary riding experience. On the other hand, by leveraging the data insights accumulated through the comprehensive learning of locally deployed large language models, and by developing intelligent agent applications trained for industrial scenarios, we aim to create the motorcycle industry's first intelligent riding agent, thereby driving the transition towards new-quality productive forces. At the same time, the Company leverages its full-industry-chain layout to establish a national-level high-end motorcycle industry intelligence hub, aggregating industry data and incubating the sector's first vertical large language model. Empower the entire industrial chain of intelligent motorcycle manufacturing, intelligent motorcycle purchasing and intelligent motorcycle usage, so as to consolidate the Company's leading position in the industry.



Open-Source Large Language Model

2.3 Undertake the Construction of the Industrial Brain for High-End Motorcycles

As the lead contractor for the High-End Motorcycle Industry Brain project, LONCIN has, since its launch in February 2025, adhered to the development principle of "Four-Side Coordination & Four-Chain Integration". In collaboration with organisations such as Humi Technology, Shuyin Network and MotoCloud, it has completed the development of all functions for Industry Brain 2.0 and successfully launched the platform. The project aggregates multi-dimensional data on industry operations, distribution and ecosystems to create three core modules: "Intelligent Motorcycle Manufacturing", "Intelligent Motorcycle Purchasing" and "Intelligent Motorcycle Usage".

The "Intelligent Motorcycle Manufacturing" module has established business synergies with 637 core supply chain enterprises, thereby establishing an "Industrial Brain + Future Factory" model. "Intelligent Motorcycle Purchasing" covers 1,700 sales outlets nationwide and serves over 200,000 end users, establishing a comprehensive financial services ecosystem. "Intelligent Motorcycle Usage" connects over 280,000 intelligent networked motorcycles, has launched the "Two-Wheeler Monitoring Platform" and successfully piloted it in cities such as Urumqi and Putian, whilst simultaneously training and generating 15 "Intelligent Agents". This industrial brain assists enterprises and the industry as a whole in gaining market insights and adjusting their operations, enhancing supply chain coordination, supporting expansion into international markets, and providing digital and intelligent empowerment. It drives the digital and intelligent transformation of the motorcycle industry and reshapes the industrial ecosystem.



Digital Workshop for High-End Motorcycle Production

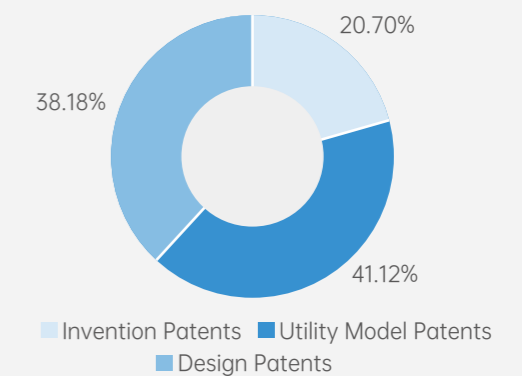
3. Intellectual Property Protection

3.1 Intellectual Property Management System

LONCIN strictly complies with the Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, and other relevant laws and regulations. The Company has formulated and implemented a series of guidelines and procedures, including the Intellectual Property Management Measures, the Patent Management and Operations Manual, the Intellectual Property Application Process, Property Rights Risk Search Process, Intellectual Property Reward Management Measures, etc. By integrating these with the Company's OA system, LONCIN ensures the effective management of all types of intellectual property. The Intellectual Property Department of LONCIN successfully organized 4 specialized training sessions in 2025 to enhance the awareness of relevant departments regarding intellectual property and facilitate efficient intellectual property work. The training covered key areas such as how to file patent applications, how to interpret patent rights, how to assess patent risks, etc. Through systematic training, LONCIN aims to strengthen the professional capabilities of various departments in intellectual property management and application, providing solid support for the Company's technological innovation and market expansion.

3.2 Research and Development Achievements

In 2025, LONCIN continued to advance technological innovation, achieving remarkable results and further consolidating its technological leadership position in the industry. As of 2025, the Company was granted 7,111 patents, including 583 domestic and international invention patents, demonstrating its strong technological reserves. The Company's newly granted patents in 2025 totaled 149, including three major categories: invention patents (5), utility model patents (90), and design patents (54), continuously releasing its innovative vitality. As of 2025, LONCIN holds 1,430 valid patents both domestically (1,416) and internationally (14), including 296 invention patents (293 domestic and 3 international), 588 utility model patents (587 domestic and 1 international), and 546 design patents (536 domestic and 10 international). This forms a three-dimensional patent protection network primarily focused on domestic coverage while extending to key global markets, providing core support for product competitiveness enhancement and international strategy advancement.



Number of Valid Patents Held by LONCIN

3.3 Trademarks

As of 2025, the Company had accumulated 1,447 (836 domestic and 611 international) registered trademarks and held 712 (328 domestic and 384 international) valid registered trademarks, establishing a systematic trademark strategy to support its global product sales. In 2025, the Company newly registered 15 trademarks both domestically and internationally, continuing to advance its trademark strategy.

4. Technology Ethics

As technology rapidly evolves and advances, the Company continues to expand its presence in the field of cutting-edge technology applications. From the fixed-command interaction model in 2022, to the introduction of Baidu ERNIE Large Model's generative intelligence services and the launch of the industry's first intelligent "Cycling Assistant" in 2023; in 2024, a local intelligent computing center was established and large model deployment was completed, solidifying the foundational infrastructure for intelligent technology; in 2025, the full-scale implementation of intelligent agents was advanced, deeply integrating large models into the entire process of smart manufacturing and intelligent products, and developing and deploying multiple intelligent agent applications. In 2025, the Company did not engage in any conduct that violated technology ethics.

Risk Control as a Foundation, Safeguarding the Development of the Green Chain

LONCIN has established a comprehensive supplier life cycle management system. Through standardized access protocols, ongoing reviews, and exit mechanisms—combined with multi-dimensional evaluations and dynamic management approaches—the Company enhances its supply chain risk prevention and control capabilities. This effectively ensures the stable and efficient operation of the supply chain, laying a solid foundation for product quality control and the advancement of core business operations.

1. Supplier Life Cycle Management

To standardize the management of supplier onboarding, changes, and exit, select suppliers that meet the Company's requirements to join the supporting system, track changes in suppliers, and address them in a timely manner. When a supplier exits the Company's supporting system, the relevant materials and financial records are effectively managed. The Company has formulated and refined relevant policies, including the Supplier Onboarding Evaluation and Exit Management Process, the Qualified Supplier Evaluation Management Measures, and the Supplier Development and Evaluation Control Procedure, in an effort to build a competitive and sustainable supply chain and comprehensively enhance the Company's competitiveness.

1.1 Supplier Onboarding

LONCIN places great emphasis on supplier onboarding management, implementing a rigorous and standardized evaluation system throughout the entire onboarding process for suppliers of motorcycle, parts, and general machinery businesses. Through multi-dimensional assessments and a tiered approval process, the Company ensures supply chain quality and business compatibility.

Detailed onboarding measures: For suppliers to locomotive companies, the focus is on verifying basic corporate information—such as workforce composition and the competitor structure—and implementing the corresponding approval processes to ensure that the suppliers meet the required baseline standards. For suppliers to parts companies, a comprehensive assessment is conducted across five key dimensions—business performance, technical capabilities, manufacturing capabilities, quality assurance, and after-sales service—with detailed evaluation criteria covering core areas such as equipment precision, process specifications, and quality systems. For suppliers to the general machinery business, the focus is on supplier qualifications, such as ISO system certifications, production capacity, product compatibility, and evaluation scores. Following an on-site audit by the SQE and approval by management at multiple levels, the supplier's onboarding application is approved upon passing these reviews.

These measures effectively screen for high-quality suppliers that meet qualification standards, possess strong capabilities, and align with business needs. They not only address supply gaps in the Company's operations but also ensure supply chain stability and product quality at the source, providing solid support for the efficient advancement of the Company's core businesses, including locomotives, parts, and general machinery.

1.2 Supplier Review and Management

LONCIN places great emphasis on the ongoing review and dynamic management of its collaborating suppliers. In accordance with the Management Measures for the Evaluation of Qualified Suppliers, a standardized, multi-dimensional review mechanism has been established to ensure that suppliers maintain the supply capabilities required by the Company over the long term, promote continuous improvement of suppliers, and provide a solid foundation for supply chain stability and product quality.

LONCIN conducts comprehensive and detailed reviews of its collaborating suppliers. These reviews cover multi-dimensional indicators, including core aspects such as quality, on-time delivery rates, sample submission and quotation progress for new product development, and financial data. Evaluations are graded on a 100-point scale and categorized into four levels: A (≥ 95 points, Excellent), B (including 80 points to 95 points, Good), C (including 60 points to 80 points, Pass), D (< 60 points, Unqualified). Grade A suppliers are eligible for selection as "Outstanding Suppliers" or "Quality Excellence Suppliers." Grade D suppliers must undergo corrective actions for quality and delivery-related issues, facilitated by the Quality Assurance Department and the Procurement Department, respectively. Grade B and C suppliers maintain normal cooperation but are required to sign and return the evaluation form. This comprehensive mechanism effectively promotes continuous improvement among suppliers, ensuring supply chain stability and product quality.

1.2 Supplier Exit

In accordance with the Supplier Onboarding Evaluation and Exit Management Process, LONCIN conducts dynamic, full-cycle reviews and rigorous oversight of its collaborating suppliers. By continuously monitoring suppliers' overall performance, the Company establishes a standardized and orderly exit management mechanism to ensure that the supply chain remains efficient and compliant at all times.

The Company shall initiate the exit procedure when a supplier meets any of the following conditions: First, if a supplier's comprehensive evaluation fails to meet the requirements and the supplier is identified for removal. Second, the supplier has been extremely uncooperative with the Company's relevant operations, which has disrupted normal production and operations. Third, the supplier voluntarily applies to exit due to its own reasons. Once the exit process is initiated, the Company will first review its exclusive supply items and finalize resource allocation to ensure that the supply of parts remains unaffected. Following this, the process will proceed through stages such as return verification, final payment settlement review, and multi-departmental approval. Finally, an exit notice will be issued via the OA system. Suppliers whose qualified supplier status has been revoked will, in principle, no longer be included in the list for collaboration.

By establishing a comprehensive supplier exit mechanism, the Company can promptly remove suppliers who fail to meet cooperation requirements or demonstrate low levels of cooperation, thereby preventing them from affecting product quality and production schedules. It also ensures a smooth transition of resources through standardized exit procedures, mitigates supply chain risks, and continuously optimizes the supply chain structure by identifying higher-quality, better-suited partners, thereby providing a solid foundation for the stable operation of the Company's core businesses, such as engine parts.

2. Supply Chain Risk Prevention and Control

LONCIN places a high importance on supply chain risk management and the development of a green supply chain. Relevant requirements are implemented in accordance with the Procurement Plan Implementation Management Measures, Supplier Quota Management Measures, Supplier Onboarding and Exit Management Measures, and the Production Materials Procurement Contract. The Company strengthens supplier management through end-to-end order control and detailed management measures:

- For the same material, a "one primary, one secondary, and one supplementary" supply principle is applied to suppliers.
- Monthly and annual performance evaluations of suppliers are conducted; suppliers are required to make quality assurance deposits; and a mechanism for holding suppliers accountable for breaches of contract is established.
- A list of potential suppliers is established, and candidates are selected from the list as needed to prevent the inclusion of unqualified suppliers.
- Suppliers are subject to rigorous review of their foundational qualifications; they are required to provide a complete set of documents, including business licenses, quality management system certifications, environmental certifications, and more. Distributors must additionally provide proof of authorization from the original manufacturer.
- A tiered onboarding evaluation is implemented. Non-special suppliers may be onboarded only after passing the initial evaluation; special suppliers must pass the SPS review (with a composite score of ≥ 5.5). Those who fail to meet the standards must rectify the issues within a specified timeframe and undergo a re-evaluation.

3. Supply Chain Sustainability Management

LONCIN strictly complies with relevant national laws and regulations, including the Bidding and Tendering Law of the People's Republic of China, and has established and refined internal management systems such as the Supplier Management Manual, Supplier Onboarding and Exit Management Measures, and Supplier Development and Evaluation Control Procedure. The Company requires suppliers to establish and effectively operate environmental management systems and occupational health and safety management systems in accordance with ISO 14001 and ISO 45001 standards. The Company complies with environmental protection, occupational health and safety, and other relevant laws and regulations; implements measures for pollution prevention and control, waste sorting and disposal, and energy conservation and consumption reduction; sets a goal of zero major safety incidents; and conducts employee safety training and fire drills. At the same time, the use of child labor and forced labor is strictly prohibited; the legitimate rights and interests of employees are safeguarded; fair competition and anti-monopoly rules are adhered to; and commercial bribery, improper transfers of benefits, and similar conduct are strictly prohibited. Suppliers found to be in serious violation of these rules will have their supply qualifications revoked.

Comprehensive Quality Management Across the Entire Supply Chain, Strengthening the Foundation of Quality

LONCIN is advancing end-to-end quality management and continuously improving its product quality and safety systems. By obtaining multiple authoritative quality management system certifications, the Company has solidified the foundation of its product quality. At the same time, the service system has been optimized to meet customer needs, and feedback and complaint handling mechanisms have been improved to ensure that 100% of complaints are resolved, earning high recognition from customers both domestically and internationally.

1. Product Quality and Safety System

LONCIN continues to refine its product quality management system, steadily advancing quality management system certification and product quality certification efforts, and continuously improving the standardization and normalization of its quality management practices. The Company has obtained ISO 9001 quality management system certification and strictly adheres to the requirements of the IATF 16949: 2016 Quality Management System—Specific Requirements for the Application of ISO 9001: 2015 in Automotive Production and Related Service Organizations and the GB/T 19001-2016/ISO 9001:2015 Requirements for Quality Management Systems, among other standards. The Company comprehensively implements quality control measures to ensure the stability and reliability of its products.



Quality Management System Certification

2. Customer Service and Satisfaction

LONCIN adheres to a customer-oriented approach and continuously optimizes its customer service system. The Company strictly complies with laws and regulations such as the Consumer Rights Protection Law of the People's Republic of China and has established internal policies including the Customer Satisfaction Measurement Management Measures and the Customer Satisfaction Control Procedures. This helps the Company improve the quality of its products and services and enhance its business performance.

LONCIN has clarified the responsibilities of each department, standardized complaint handling and satisfaction survey processes, and collected customer feedback through multiple channels to analyze and address relevant issues. At the same time, key performance indicators are quantified and monitored to ensure they cover core areas such as product quality, delivery efficiency, and service levels, thereby enabling a precise response to customer needs, continuous optimization of products and services, and ultimately achieving the goals of enhancing customer satisfaction and improving business performance.

In 2025, LONCIN achieved remarkable success in customer management and satisfaction. According to the results of the customer satisfaction survey, 100% of dealers rated the sales staff's professional competence highly, while 97% expressed satisfaction with business guidance and logistics support. Based on a comprehensive evaluation of external dealer satisfaction survey scores and internal performance scores, the annual overall customer satisfaction score reached an outstanding 97.55 points.

In 2025, engine-related social customers filed a total of 20 complaints via telephone, involving multiple regions such as Chengdu, Sichuan province and Suqian, Jiangsu province. The complaints covered inquiries regarding engine usage (such as operating speed and specifications), requests for spare parts, and repairs for malfunctions (such as cylinder head oil leaks and damaged auxiliary shafts). All complaints were resolved 100%. After addressing the issues through explanations, coordinating with regional agents, and dispatching after-sales repair technicians, all customers indicated satisfaction. The resolution of such complaints effectively and promptly addressed customer concerns, prevented dissatisfaction from escalating, and strengthened customer trust. At the same time, it ensured the stability of after-sales service quality, providing strong support for the Company to maintain and enhance overall customer satisfaction.

03

Green Intelligent Manufacturing Leading the Low-Carbon Transformation

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Response to the United Nations SDGs:



System Management: Laying a Solid Green Foundation

LONCIN has strengthened its environmental management system to comprehensively solidify the foundations of environmental compliance and emergency management, ensuring that its production and operations consistently meet regulatory requirements and effectively enhancing its risk prevention and control capabilities. In the future, the system's operation will continue to be optimized, and the principles of green and sustainable development will be upheld.

1.Environmental Compliance Management

The Company strictly adheres to national environmental laws and regulations, including 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 Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China. By establishing dedicated teams and engaging external consulting firms, the Company continuously monitors global developments in climate-related laws and policies, stays abreast of the latest regulations regarding carbon emission standards and renewable energy applications, provides a basis for decision-making, and formulates proactive response strategies to mitigate compliance risks. At the same time, the Company continues to refine its environmental management system, clearly defining the responsibilities of each department regarding climate compliance and assigning specific duties to individual staff members. The Company also strengthens training for all employees to enhance their understanding of regulations and their ability to implement them, thereby ensuring that all aspects of the Company's operations comply with regulatory requirements.



Environmental Management System Certification

1.1 Environmental Safety Management Objectives

The Company has systematically established its 2025 environmental and safety management objectives across multiple dimensions, including wastewater discharge, energy consumption, hazardous waste and chemical disposal, noise control, treatment of exhaust gases from painting and testing processes, water reuse at wastewater treatment plants, and accident prevention. Through the implementation of a series of targeted management plans and technical measures, all performance indicators have been effectively met and continuously improved. No major environmental violations or safety incidents occurred throughout the year, and the overall management system operated smoothly with notable results, demonstrating the Company's steadfast commitment to sustainable development and safe production, as well as its ability to put these principles into practice.

LONCIN's Environmental Management Goals and Progress for 2025

Dimension	Objective	Measures	Progress
Energy Consumption	Reduce energy consumption, with comprehensive energy consumption per RMB 10,000 of output value down by 2% from last year	Optimize production processes, raise awareness of energy conservation, and establish energy assessment management measures	In 2025, comprehensive energy consumption per RMB 10,000 of output value was reduced by 12%
Wastewater Management	100% centralized wastewater treatment rate, with emissions meeting regulatory standards	Online monitoring, periodic third-party testing, septic tank management, etc.	No emissions exceeding standards in 2025
Exhaust Emission Control	Complies with the Comprehensive Emission Standards for Air Pollutants	Regularly inspect and maintain exhaust gas treatment facilities; periodically replace environmental consumables such as activated carbon and filter bags; collect emissions centrally, treat them, and discharge them at a high elevation.	Met emission standards in 2025
Hazardous Waste Management	100% centralized collection and treatment rate for hazardous waste	Dedicated containers, designated personnel for management, and disposal by licensed entities	Container procurement, ledger management, and entrusted disposal have been completed
Noise Control	Complies with the Environmental Noise Emission Standards for Industrial Enterprise Boundaries	Soundproofing measures for equipment operation; accept supervision and inspection from the local environmental protection bureau	No emissions exceeding standards in 2025
Accident Prevention	Prevent major accidents such as mechanical injuries, electric shocks, fires, explosions, and hazardous chemical leaks	Standardize job operations, perform routine equipment maintenance, and conduct regular emergency drills	No major accidents occurred in 2025

1.2 Environmental Protection Education

The Company places great emphasis on fostering and putting into practice environmental awareness, which is not only a key manifestation of corporate social responsibility but also a fundamental requirement of daily operations and management. On the one hand, the Company actively promotes green office practices internally by displaying energy-saving posters in the workshop and office buildings, thereby fostering an efficient, eco-friendly, and modern office culture and encouraging all employees to consciously adopt green office practices in their daily work.

On the other hand, in managing external stakeholders, the Company explicitly requires its business partners to enhance their environmental awareness and strictly comply with national environmental laws and regulations. Business partners must organize training sessions on environmental protection and implement all environmental protection measures during construction or operations, including controlling dust and noise, protecting vegetation on-site and in the surrounding area, and properly disposing of waste. They must ensure that all materials are removed and the site is cleaned up upon completion of work, and restore the environment to its original condition as much as possible. At the same time, the Company incorporates environmental protection requirements into the onboarding training and ongoing supervision of its stakeholders through safety briefings and contractual agreements, ensuring that environmental responsibilities are effectively communicated at every level and fully implemented.

2.Environmental Emergency Management

LONCIN has always placed a high priority on the prevention and emergency management of sudden environmental incidents. In strict accordance with relevant laws and regulations, including the Emergency Management Measures for Sudden Environmental Incidents, and in light of its own production and operational realities, the Company has formulated a comprehensive emergency response plan covering key areas such as the emergency organizational structure, prevention and early warning mechanisms, emergency response procedures, mitigation measures, and post-incident follow-up. This plan comprehensively addresses all potential environmental risk sources and hazardous substances that may arise during production and operations. To continuously improve its emergency response capabilities, the Company has implemented a range of measures—including enhanced monitoring of risk sources, emergency training and drills, and the stockpiling of sufficient emergency supplies—to prevent environmental pollution incidents and effectively safeguard the surrounding ecological environment and public safety. In 2025, the Company organized a total of 2 environmental emergency drills.

Case | Environmental Protection Training

On June 18th, 2025, the Company organized a specialized training session on the identification of safety and environmental hazards for a total of 153 participants, including production team leaders, supervisors, full-time safety officers, and environmental protection specialists from various departments. The training provided a systematic introduction to core topics such as methods for identifying safety hazards, practical on-site hazard inspections, and the proper management of hazardous waste. This training not only effectively enhanced the environmental risk identification and on-site management capabilities of frontline employees and managers, but also promoted the company-wide and standardized implementation of hazard identification and rectification efforts. It further strengthened the Company's awareness of its primary responsibility for environmental protection and its compliance management capabilities, providing strong support for the ongoing development of a safe, green, and sustainable production and operational environment.



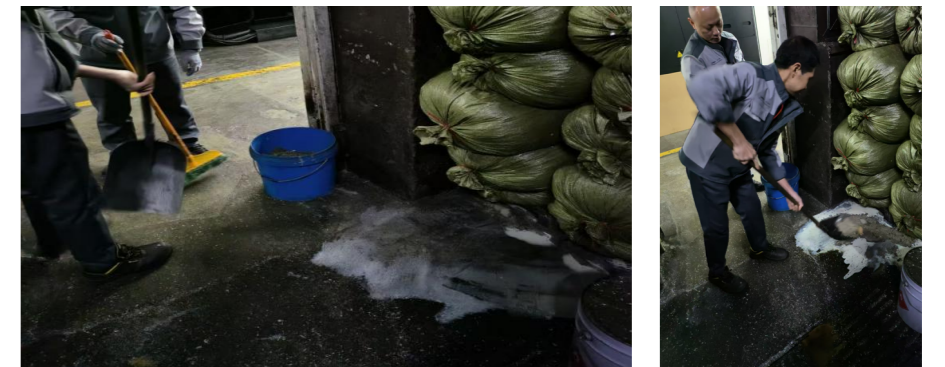
Case | Emergency Drill at Wastewater Treatment Plant

On July 1st, 2025, LONCIN and Zhongkang Environmental Protection conducted an emergency drill for an oil-contaminated wastewater spill at the Zone C wastewater treatment plant. The drill simulated an emergency scenario in which maintenance work on workshop equipment caused an overflow in the high-concentration wastewater pipeline network. Participants swiftly activated the emergency response plan and carried out on-site response, wastewater diversion, and emergency monitoring in an orderly manner, thereby promptly eliminating safety hazards and environmental pollution risks. This drill not only tested the feasibility of the emergency response plan and the coordinated response capabilities of the emergency teams, but also enhanced the participants' risk awareness, emergency response skills, and the efficiency of inter-organizational coordination, thereby laying a solid foundation for effectively addressing various environmental emergencies in the future.



Case | Emergency Drill at Aluminum Shavings Tank Leak

On December 1st, 2025, the Company organized an emergency response drill for an aluminum shavings leak. The drill simulated an emergency scenario involving a leak of cutting fluid mixed with aluminum shavings. Each specialized team responded swiftly and coordinated effectively in accordance with their assigned responsibilities, systematically completing procedures such as reporting the incident, activating emergency protocols, containing the leak, absorbing and collecting materials, and properly disposing of subsequent hazardous waste. This drill further strengthened the emergency response skills of the personnel involved, optimized team coordination processes, and accumulated practical experience that will enable the Company to respond effectively to similar environmental emergencies and strengthen its environmental safety defenses.



Responding to Climate Change, Protecting Our Earth

In the context of the ongoing deepening of China's "Carbon Peaking and Carbon Neutrality" strategy, LONCIN has established scientifically sound and actionable carbon peaking and carbon neutrality targets, actively responded to the TCFD framework to enhance the quality of climate-related disclosures, integrated climate risks into strategic decision-making and operational processes, and systematically advanced greenhouse gas accounting and emissions reduction management. This series of initiatives not only demonstrates our commitment to actively fulfilling our environmental responsibilities, but also focuses on effectively managing climate transition risks, promoting green technological innovation and operational efficiency, thereby strengthening the Company's long-term competitiveness amid the trend toward low-carbon transformation, and ultimately achieving the harmonious development of sustainable growth and climate resilience.

1. "Carbon Peaking and Carbon Neutrality" Goals

In active response to the national "Carbon Peaking and Carbon Neutrality" strategy, the Company will continue to deepen its transition toward a green and low-carbon future, steadily advance greenhouse gas emission reduction efforts, and contribute to the achievement of the national carbon peaking and carbon neutrality goals through a scientifically sound and reasonable emissions reduction pathway. At the same time, we have established clear emission reduction targets and are continuing to reduce Scope 1 and Scope 2 greenhouse gas emissions.

2. Climate Risk Management and TCFD Framework Response

2.1 Corporate Governance

In response to global trends in climate governance, LONCIN has integrated climate-related factors into its corporate strategic decision-making and risk management systems. By adhering to the TCFD framework, the Company systematically identifies and manages climate-related risks and opportunities, continuously refines its governance structure, ensures the effective implementation and ongoing optimization of its climate strategy, and enhances its long-term resilience and competitiveness in the era of a low-carbon economy.

2.2 Corporate Strategies

LONCIN has fully responded to global energy transition trends by incorporating green and low-carbon development into its core strategy. By systematically planning the transformation of new energy mobility and actively exploring product technology upgrades, the Company is committed to setting an industry benchmark for green and low-carbon development and leading the industry toward achieving the "Carbon Peaking and Carbon Neutrality" goals.

Type of Risk	Risk Impact	Risk Adaptation / Opportunities
Climate Risks	<ul style="list-style-type: none"> Extreme weather events caused by climate change (such as heavy rains and hurricanes) may affect the Company's ability to continue as a going concern and its assets; they may also lead to logistics delays, which could result in transaction disputes; Thunderstorms may cause localized signal disruptions, affecting the stability of production systems. 	<ul style="list-style-type: none"> In terms of technology, increased investment in the research and development of new energy products—such as electric motorcycles and hybrid engines—will help reduce carbon emissions and improve product reliability in adverse weather conditions In terms of management, enhanced employee labor protection measures—such as providing specialized protective equipment and conducting safety training—will ensure the health and safety of employees during extreme weather conditions.
Policy Risks	<ul style="list-style-type: none"> Under the "Carbon Peaking and Carbon Neutrality" goals, the policy framework is becoming increasingly robust, and countries are continuously introducing stricter environmental policies and regulations. If the Company fails to comply with regulatory policy requirements in a timely manner, compliance costs will increase; the Company may face penalties such as fines or production restrictions for exceeding carbon emission limits. All of these factors constrain the Company's operations and development. 	<ul style="list-style-type: none"> In active response to the national "Carbon Peaking and Carbon Neutrality" policy and in earnest implementation of the green and low-carbon development strategy, the Company has established a compliance monitoring and internal management system: ① By establishing a dedicated team or engaging professional third-party organizations, the Company continuously tracks legislative developments and regulatory trends in key markets regarding carbon emissions reduction and renewable energy applications, thereby providing a basis for strategic adjustments and mitigating compliance risks. ② Improve the internal environmental management system by transforming domestic and international statutory environmental requirements into clear internal corporate standards and operating procedures. Through a clear division of responsibilities, break down compliance objectives to individual business units and specific positions to ensure that responsibilities are assigned to specific individuals.
Technical Risks	<ul style="list-style-type: none"> Climate change and resource constraints impose heightened demands on innovation in low-carbon technologies, management, and products, and there is a risk of technological iteration in the low-carbon transformation. 	<ul style="list-style-type: none"> LONCIN actively addresses the risks associated with the iteration of low-carbon technologies by establishing a multi-tiered collaborative innovation system. The Company continues to strengthen its strategic partnerships with leading domestic and international companies, such as BMW, as well as research institutions, to jointly advance the research, development, and application of green technologies and smart mobility solutions.
Economic Volatility Risks	<ul style="list-style-type: none"> The global economic downturn may lead to a reduction in consumer demand for motorcycles and other products, affecting the Company's sales revenue; LONCIN, as an export-oriented enterprise, may be affected by exchange rate fluctuations in terms of competitiveness in the international market and profits. 	<ul style="list-style-type: none"> Strengthen traditional markets such as Europe, actively expand into emerging markets including Southeast Asia, Africa, and Central Asia, and diversify geographically to mitigate the risks associated with economic fluctuations in any single market. Utilize financial instruments such as forward foreign exchange contracts to hedge against some exchange rate risk and mitigate the impact of exchange rate fluctuations on operating performance.
Market Demand Fluctuation Risks	<ul style="list-style-type: none"> As consumers' environmental awareness grows, they are increasingly inclined to choose low-carbon, eco-friendly transportation and power solutions. Demand for traditional fossil fuel products may see a structural decline. This will result in lost orders and a decline in revenue. 	<ul style="list-style-type: none"> By promoting the "VOGE" brand's image as a high-end, smart, and eco-friendly brand, as well as the energy-saving features of company's general-purpose machinery, we aim to enhance the brand's reputation and customer loyalty within the low-carbon economy.
Production and Supply Chain Risks	<ul style="list-style-type: none"> Fluctuations in the availability and pricing of raw materials, such as steel, rubber and plastics, will expose the Company to supply risk. If changes in the international situation or natural disasters affect the supply of raw materials, resulting in a significant increase in prices, the Company's production costs will increase. 	<ul style="list-style-type: none"> The Company enhances supply chain efficiency and cost control by establishing long-term strategic partnerships with key suppliers, fostering close collaboration, and diversifying its supply chain structure, thereby mitigating the impact of imported inflation. When procuring core components, the Company proactively integrates itself into suppliers' production and quality control processes, offering measures such as jointly developing production schedules and securing supply quotas in advance to ensure the stable delivery of critical resources. In response to fluctuations in raw material market prices, the Company employs a combination of annual framework agreements and flexible price adjustment mechanisms to effectively mitigate the operational pressures caused by cost volatility.

2.3 Risk Management

The Company has systematically established its own environmental risk management system in accordance with relevant national and local laws, regulations, and technical standards. This system adheres to the principles of prevention first, tiered management, effective emergency response, and continuous improvement. It aims to systematically identify, scientifically assess, and effectively prevent and control potential risks of sudden environmental incidents in production and operations, thereby ensuring regional environmental safety.

In terms of system development and organizational support

The Company has established 14 policies and regulations, including the Environmental Protection Management System, Regulations on the Management of Environmental Pollution Incidents, Hazardous Waste Management System, and System for Rectifying Environmental Risks and Hazards, and has established a dedicated Safety and Environmental Protection Department to oversee the Company's safety and environmental protection efforts. By establishing policies and setting up dedicated departments, the Company has systematically defined the environmental safety responsibilities of employees at all levels, thereby providing a solid organizational and institutional foundation for the effective implementation of environmental risk management.

During the risk identification and assessment phase

The Company comprehensively identifies environmental risk substances involved in the entire production process in accordance with the List of Hazardous Chemicals: first, substances that may have a significant impact on the atmospheric environment due to leakage, volatilization, or accidental release (such as paint, solvents, and natural gas); second, substances that may enter water bodies through leakage and have a significant impact on the aquatic environment (such as various pretreatment chemicals, oils, and production wastewater). Based on this, the Company identified and delineated a total of 36 environmental risk units, including raw material warehouses, fuel storage facilities, painting workshops, and wastewater treatment stations. It then conducted quantitative assessments in accordance with the Methodology for Classifying the Risks of Corporate Environmental Emergencies, scientifically determining the risk levels of corporate environmental emergencies and providing a solid foundation for implementing differentiated and targeted environmental risk prevention and control measures.

In terms of risk prevention and control measures

The Company has implemented a "three-tier prevention and control" strategy tailored to different risk units. Level 1 prevention focuses on management, achieving daily oversight through regular inspections, risk signage, video surveillance, and the posting of regulations; Level 2 prevention involves engineering containment measures, such as installing spill containment trays, berms, and collection channels in critical areas like chemical and fuel storage facilities to prevent the spread of leaks; Level 3 prevention focuses on emergency response and collection, with emergency supplies such as fire sand and absorbent pads on hand to ensure that pollutants can be promptly contained and collected in the event of an accident.

2.4 Indicators and Targets

To systematically advance the transition to a green and low-carbon economy, the Company has fully integrated carbon reduction targets into its development strategy. By establishing clear reduction pathways and implementation plans, the Company aims to significantly improve resource efficiency and reduce energy consumption. This series of initiatives has not only accelerated the Company's own green transformation but has also provided substantial support for the achievement of the country's "Carbon Peaking and Carbon Neutrality" goals, demonstrating the Company's proactive commitment and active contribution to addressing climate change.

Short-term objectives	Medium-term objectives	Long-term objectives
<ul style="list-style-type: none"> Over the next three years, the Company aims to steadily reduce the carbon intensity of Scope 1 and Scope 2 emissions and continue to increase the proportion of renewable energy used. At the same time, it will strive to reduce the carbon intensity of Scope 3 emissions and strengthen carbon reduction efforts in non-production areas through initiatives such as green office practices and low-carbon commuting. In particular, the Company has established the following renewable energy targets: by 2026, green electricity will account for 30% of total annual electricity consumption, and by 2027, photovoltaic power will account for 8% of total annual electricity consumption. 	<ul style="list-style-type: none"> Over the next three to five years, the Company plans to actively pursue reductions in absolute Scope 1 and Scope 2 carbon emissions and strive to lower the carbon intensity of Scope 3 emissions; It will also promote carbon emission reductions in production processes through measures such as continuously improving energy efficiency. 	<ul style="list-style-type: none"> Over the next decade, the Company plans to gradually achieve a sustained reduction in Scope 1, Scope 2, and Scope 3 greenhouse gas emissions through the implementation of carbon offset projects and deep decarbonization technologies. In the long term, the Company will fully integrate sustainability principles into the management of the entire product lifecycle, with a focus on reducing carbon emissions during the product's use phase and strengthening the recycling system for end-of-life products.

3. GHG Management

LONCIN strictly complies with national laws and regulations, including the Environmental Protection Law of the People's Republic of China, and actively supports the national "dual carbon" strategic goals. Internally, the Company has established systematic management systems, including the internal systems such as the Wastewater, Waste Gas, and Solid Waste Management Measures, the Measures for the Prevention and Control of Waste Gas Pollution, and the Measures for the Environmental Management of Related Parties, in an effort to continuously refine its greenhouse gas (GHG) management mechanisms and facilitate its green, low-carbon transition.

3.1 GHG-Related Data

GHG Emissions in 2025

Indicator	Unit	FY2025 data
Scope 1 GHG emissions ¹	tCO ₂ e	17,992.27
Scope 2 GHG emissions ²	tCO ₂ e	56,109.36
Scope 3 GHG emissions ³	tCO ₂ e	53,612.84
Total GHG emissions	tCO ₂ e	127,714.47

¹Scope 1 emissions include greenhouse gas emissions from sources directly owned or controlled by the Company, which are primarily direct emissions of fuels such as natural gas and gasoline. Emission factors are sourced from the National Greenhouse Gas Emission Factor Database.

²Scope 2 emissions consist of indirect emissions from purchased energy, primarily from purchased electricity. Emission factor data for electricity is sourced from the average emission coefficients of the State Grid.

³Scope 3 emissions cover Category 1 — Purchased goods and services, Category 3 — Fuel- and energy-related.

3.2 GHG Emission Reduction Measures

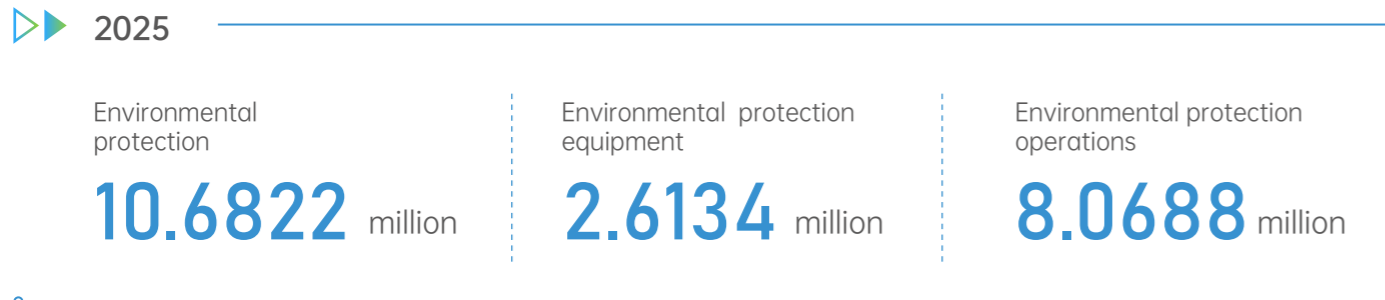
In promoting low-carbon office practices, we advocate for paperless office and digital meetings to reduce the circulation and use of paper documents, and also reduce office resource consumption through measures such as double-sided printing and optimized paper usage. At the same time, we promote the use of high-efficiency office equipment, such as energy-efficient air-conditioners and energy-efficient computers to reduce energy consumption in the office area, thereby cutting down greenhouse gas emissions. Additionally, we encourage employees to choose electric vehicles over traditional gasoline-powered vehicles for commuting, helping to reduce carbon emissions from daily commuting.

In 2025, the number of electric vehicles held by employees was 437, an increase of 12.92% compared with 2024, while the number of gasoline-powered vehicles held by employees reduced by 3.17% during the same period, resulting in a significant decrease in carbon emissions from employee commuting.

Green Operations and Low-carbon Production

Through systematic measures such as implementing refined energy management, promoting water recycling, strictly controlling pollutant emissions, and carrying out ecological transformation of the industrial park, the Company has effectively reduced the environmental burden arising from its operations. This has not only comprehensively improved resource utilization efficiency and ecological resilience but has also established a responsible corporate image through solid ecological practices, thereby gradually building a sustainable development model with long-term competitiveness amid the trend toward green industrial transformation.

We have worked hard to reduce resource consumption to the greatest extent at all stages of production for less impact on the environment, including the management and emission reduction of greenhouse gas, water resource conservation and recycling, and the emission reduction of waste and volatile organic compounds, etc. In 2025, we invested a total of RMB 10.6822 million in environmental protection, an increase of 13.52% compared with 2024, of which RMB 2.6134 million was allocated to environmental protection equipment, and RMB 8.0688 million was allocated to environmental protection operations.



Environmental Protection Investment Between 2023 and 2025

Indicator	Unit	FY2025	FY2024	FY2023
Environmental protection investment	RMB Ten Thousand	1,068.22	940.99	880.00

1. Energy Management

To further make energy management standardized and institutional in the Company's production process, the Company has worked out the Energy Management Measures, Equipment and Special Equipment Management Measures, and other relevant systems. Moreover, the Company's Energy Efficient Production Leadership Group has given full play to its leadership role to further establish and improve the energy efficient production mechanism and implement the energy efficient production policies and goals, among others.

1.1 Data

Table of the Company's Energy Consumption Between 2023 and 2025

Indicator	Unit	FY2025	FY2024	FY2023
Purchased electricity	Ten Thousand Kilowatt Hours	10,574.70	12,636.45	10,686.08
Density of electricity consumption	Kilowatt Hours/RMB Ten Thousand	55.26	75.12 ¹	81.78
Gas consumption	Ten Thousand Cubic Meters	880.00	861.48	686.80
Density of gas consumption	Cubic meter/RMB Ten Thousand	4.60	5.12 ²	5.26
Gasoline consumption	Liter	185,602.74	372,966.00	443,053.00
Density of gasoline consumption	Liter/RMB Ten Thousand	0.10	0.22	0.34

¹The density of electricity consumption in FY2024 is based on data adjusted to a uniform standard.
²The density of gas consumption in FY2024 is based on data adjusted to a uniform standard.

1.2 Energy-Saving Reconstruction

Adhering to the philosophy of green development, the Company regards energy conservation and carbon reduction as core tasks for sustainable development. It systematically advances energy-saving technological upgrades across the industrial chain with a focus on improving energy efficiency and reducing carbon emission intensity, and actively explores green, low-carbon production and operation models.

Case | Technical Solution Design for BOT Projects

The compressed air station of BOT projects is upgraded and adopts high-efficiency, energy-saving screw-type air compressors equipped with variable frequency control systems, effectively reducing energy consumption while ensuring stable operation. The IoT monitoring modules are added to achieve real-time data collection, remote monitoring, and intelligent early warning. Meanwhile, an intelligent management platform is established to optimize equipment start-up, shutdown, and load distribution based on data analysis, thereby reducing idle operation and enabling real-time monitoring via mobile devices. A waste heat recovery system is also available for selection to convert waste heat from the air compressors into heating or hot water for the factory, thereby further improving overall energy utilization efficiency. Following the reconstruction, electricity costs were reduced by RMB 1.8 million in 2025, with energy savings reaching 3 million kilowatt hours. This initiative significantly reduced overall operating costs while simultaneously enhancing system safety and energy efficiency.

2. Water Management

LONCIN strictly complies with national laws and regulations, such as the Water Pollution Prevention and Control Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, and the Circular Economy Promotion Law of the People's Republic of China, and establishes internal systems, such as the Wastewater, Waste Gas, and Solid Waste Management Measures, the Drinking Water Management Measures, and the Wastewater Discharge Management Measures, to systematically advance the fulfillment of water conservation goals, strengthen water management, and standardize wastewater treatment processes.

2.1 Water Management Objectives

The Company energetically implements effective water management measures to improve water utilization efficiency and raise employees' awareness of water conservation to reduce the Company's water consumption and wastewater discharge, thereby ensuring its sustainable development, meanwhile proactively fulfilling its social responsibilities, and making a positive contribution to the protection of water resources and the ecological environment. In 2025, the total volume of water circulated through the Company's compressed air stations and cooling towers of all workshops was 7.128 million tons.

2.2 Data

Water Resource Data of the Company Between 2023 and 2025

Indicator	Unit	FY2025	FY2024	FY2023
Total water consumption	Ten Thousand Tons	116.21	114.76	99.44
Intensity of water consumption	Tons/RMB Ten Thousand	0.61	0.01	0.76
Total wastewater generated	Ten Thousand Tons	62.51	50.03	56.10
Intensity of wastewater discharge	Tons/RMB Ten Thousand	0.33	0.30	0.43

2.3 Wastewater Discharge Reduction Measures

All wastewater generated by various production processes and living quarters in the factory is collected through a pipeline network and transported to the factory's wastewater treatment station for centralized treatment, specifically including wastewater from die-casting demoulding, wastewater from painting and cleaning, wastewater from machining emulsion, oily wastewater from engine testing, domestic wastewater, etc. The treatment station is equipped with advanced facilities and possesses the comprehensive capability to treat various types of wastewater through advanced treatment processes, with a maximum design capacity of 150 tons per hour. After treatment, the effluent is discharged into the wastewater pipeline network of the industrial park only after consistently reaching the Tier 3 discharge standard, thus effectively reducing the impact on environment.

3. Pollutant Emission Management

The Company strictly complies with national and local environmental protection laws, regulations, and emission standards, systematically establishes a comprehensive pollution prevention and control management framework covering environmental factors such as waste gas, wastewater, solid waste, and noise. It has formulated and implemented a series of internal management systems, such as the Measures for the Prevention and Control of Waste Gas Pollution, the Wastewater Discharge Management Measures, the Hazardous Waste Management Measures, and the General Industrial Solid Waste Management Measures. Through institutionalized management, it is committed to continuously reducing the environmental impact of its production and business operations, fulfilling its social responsibilities for realizing corporate sustainable development and advancing ecological civilization.

3.1 Waste Gas Pollution Prevention and Control

To standardize the management of waste gas emissions and mitigate the impact of pollution, LONCIN has established the Measures for the Prevention and Control of Waste Gas Pollution, which clearly define the control requirements for waste gas emissions during production and raw material storage for the Company and its subordinate units, including the followings:

Division of responsibilities

Responsibilities are clearly delineated, with each unit being responsible for managing waste gas from production and exhaust gas from mobile sources within the area under its administration, and the Safety and Environmental Protection Department being responsible for coordinating the treatment of kitchen fumes, monitoring coordination, and supervision and inspection.

Prevention and control of waste gas generated during the production process

For dust generated during the production process, waste gas from painting and boilers, kitchen fumes, waste gas from furnaces, and exhaust gas from mobile sources, the prevention and control measures are implemented from multiple aspects, including process design, procurement of low-pollution raw materials, operation and maintenance of treatment facilities, and standardized management of emission outlets, and priority is given to the selection of sealed processes and electric vehicles, and the enhancement of personnel protection.

Monitoring and supervision

The Company establishes regular monitoring and emergency response mechanisms, and commissions a third-party agency to conduct testing and install online monitoring equipment. Production is immediately suspended for rectification in the event of emissions exceeding standards, and complaints are addressed promptly. By combining self-inspections by each unit with monthly inspections by the Safety and Environmental Protection Department, supplemented by complete operation and maintenance records, the Company ensures the effective operation and continuous improvement of the waste gas management system, thereby fulfilling its environmental responsibilities.

3.2 Wastewater Discharge Management

The Company has explicitly defined what production wastewater and domestic wastewater are, and has delineated the division of responsibilities of each unit and the Safety and Environmental Protection Department, aiming to continuously reduce environmental impact and improve overall environmental performance by standardizing the management of production and domestic wastewater discharge. Specific initiatives include oil-water separation and filtration pretreatment of production wastewater (such as cutting fluids and emulsions), the treatment of domestic wastewater before being discharged into the municipal sewer system, formulating a wastewater pipeline network map and standardizing emission outlet management, prohibiting unauthorized modifications to the pipeline network and the dumping of solid waste, ensuring compliance with discharge standards through internal self-inspections, departmental supervision and inspections, and third-party monitoring, and establishing abnormality reporting and emergency response mechanisms to prevent pollutant dispersion. In the meantime, it is required to keep record of the operation and maintenance of wastewater treatment facilities to ensure process traceability. This management framework systematically covers the entire process from wastewater generation, pretreatment, treatment, discharge, monitoring, to emergency response, forming a complete, closed-loop management chain.

3.3 Solid Waste

The Company stores general industrial solid waste by category and sets environmental protection labels, with storage sites implementing comprehensive measures to prevent leakage, dispersion, and loss, and conducting regular inspections and maintenance of relevant facilities. During the treatment and disposal phases, priority is given to recycling and reuse to minimize environmental pollution. The Company organizes competitive bidding of recyclable waste by category, enters into contracts with qualified disposal entities, clearly defines pollution prevention and control responsibilities, and supervises and reports the whole process, including transportation, utilization, and disposal. Regarding record-keeping, waste-generating units establish and refine management ledgers, and submit reports on a monthly basis. Meanwhile, on-site self-inspections and self-assessments of storage sites are conducted on a monthly basis, with the Safety and Environmental Protection Department performing quarterly supervisory inspections and keeping records, thereby establishing a closed-loop management system covering the entire process.

3.3 Hazardous Waste

The Company clarifies the specific responsibilities of each waste-generating unit in terms of the classification, collection, safe transfer, and expenses associated with hazardous waste, and the Safety and Environmental Protection Department is responsible for daily supervision. At the operational level, the Company puts forward specific technical requirements for the classification, packaging, and temporary storage of hazardous waste. To ensure effective implementation of policies, it establishes a mechanism for self-inspections and joint inspections, and defines corresponding penalties for violations such as the mixed storage of hazardous waste, non-compliant disposal, and false reporting or concealment. Through standardized processes, clear division of responsibilities, and closed-loop supervision mechanisms under this framework, the Company achieves full compliance and safe, controllable management of hazardous waste throughout the entire process.

Waste Emission Data Between 2023 and 2025

Indicator	Unit	FY2025	FY2024	FY2023
Total general solid waste	Tons	626.16	448.81	189.00
Emission intensity of general solid waste	Tons/RMB Million	0.03	0.03	0.01
Total recycling of general solid waste	Tons	626.16	448.81	189.00
Total emission of hazardous waste	Tons	5,607.87	4,630.25	487.99
Emission intensity of hazardous waste	Tons/RMB Million	0.29	0.28	0.03

4. Biodiversity Conservation

In active response to the national biodiversity conservation strategy, LONCIN integrates biodiversity conservation into its corporate development agenda. It formulates the Implementation Rules for Greening Maintenance Management applicable to the placement and maintenance management of indoor and outdoor plants in the industrial park, and the maintenance of an amicable green environment in the industrial park, reclaims vacant land, plants trees, and builds ecological corridors to expand ecological space and enrich habitats, and meanwhile reduces the use of glass curtain walls in architectural design to mitigate the risk of bird impacts, thereby effectively preserving species diversity.

Case | Public Welfare Initiative on the Tree Planting Day Themed "Green Power Systems, Eco-Friendly Future"

To thoroughly implement the philosophy of green development and fulfill corporate social responsibility, the general Party branch committees of LONCIN organized and launched a public welfare initiative on the Tree Planting Day themed "Green Power Systems, Eco-Friendly Future" on March 12th, 2025. Members of the general Party branch committees and Party member representatives of each Party branch gathered at Group 1, Wugen Village, Bafu Town, contributing to ecological construction through concrete actions. At the event site, participants worked together in an orderly manner, digging holes with shovels, planting saplings, backfilling soil, and watering the trees to ensure they took root. In total, more than 40 saplings were planted, creating a green barrier that contributes to regional ecological restoration and vegetation recovery. This event not only strengthened employees' awareness of ecological conservation but also conveyed the concept of ecological civilization through practical action, demonstrating the Company's commitment to promoting low-carbon development and jointly building an eco-friendly future.



Continuous Innovation-Driven Green Development

To achieve the balanced development of economic and environmental benefits, the Company insists on advancing its sustainable development strategy through a systematic approach, which is specifically manifested in the construction of green factories as the basic carrier, the development of new energy products as the core direction, and the use of clean energy as the key pillar. This comprehensive approach has not only significantly reduced the carbon footprint and resource consumption in corporation operations but has also enabled the Company to build differentiated green competitiveness in the industrial chain. Furthermore, it provides the industry with a replicable path for green transformation, and effectively supports society in achieving the coordinated development of economic growth and ecological conservation.

1.Green Factory Practice

1.1 "National Green Factory"

Through its in-depth development and practices in the green manufacturing field, LONCIN has obtained the "National Green Factory" certification. With the vision of "A Leading Brand with Low-carbon Power System and Intelligent Products", the Company takes green development as the cornerstone of its high-quality growth. It systematically advances the construction of green factories, establishing a low-carbon, circular manufacturing system that is resource-efficient and environmentally friendly in multiple dimensions.

LONCIN took the lead in introducing and promoting the U-shaped production line layout in its manufacturing system, achieving dual improvements in spatial structure optimization and production process coordination. In terms of equipment layout, the U-shaped production line effectively shortens the distance materials and semi-finished products flow between processes by closely linking equipment across each process step, which avoids wasting space caused by long-distance transport channels in traditional linear layouts and significantly improves the overall utilization of factory space. In terms of staffing and space utilization, the U-shaped production line supports the efficient "one-person-multiple-machine" operation model. Operators can operate multiple equipment in a limited area, drastically reducing both the travel distance and the area of scattered operations. This not only boosts labor productivity but also reduces the need for dispersed workspaces, further narrowing down non-productive floor space and enabling the intensive use of both human and spatial resources.

Through the reasonable division of functional zones and optimized workshop design, LONCIN organically integrates production processes such as components and parts processing and complete vehicle assembly, which reduces the space redundancy in the process and enables more efficient production activities per unit of land. This not only aligns with the core requirements of resource recycling in green development but also lays a solid spatial foundation for the Company's sustainable operations.



U-shaped Production Line

1.2 Environmental Protection Equipment

In recent years, the Company has placed great emphasis on environmental protection and sustainable development, and continuously increased investment in environmental protection facilities and technology upgrades. In 2025, it implemented multiple environmental improvement projects focused on key areas such as wastewater treatment, waste gas treatment, and workshop environmental enhancement. These initiatives included installing an automatic control system for the wastewater treatment station, upgrading waste gas treatment equipment, adding integrated grinding platforms, and replacing filter cartridges with high-efficiency ones.

Among these, the 12 newly installed integrated grinding platforms can control dust directly at the source, which effectively prevent dust dispersion and significantly improve air quality of workshops by capturing and filtering dust at the grinding points in real time. In addition, the Company upgraded its environmental protection equipment for drying waste gas and replaced it with high-efficiency Donaldson filter cartridges, which enabled more efficient purification of organic waste gas and welding fumes generated during the production process, and substantially improved the treatment efficiency of waste gas. These measures collectively drive the Company's transition from an "end-of-pipe treatment" model to an environmental protection model centered on "source control and process management."

The relevant initiatives have not only enhanced pollutant control capabilities and ensured compliance with production emission standards but have also further improved the factory environment and demonstrated the Company's resolve to actively fulfil its social responsibilities, promote green manufacturing, and achieve high-quality development. In 2025, its total investment in environmental protection equipment was RMB 2.6134 million. Looking to the future, the Company will unswervingly uphold the philosophy of environmental protection, refine its environmental management system, and contribute to the advancement of ecological civilization.

1.3 "Zero-Waste Factory" in Chongqing

As the Chongqing Municipality is vigorously promoting the construction of a "zero-waste city", LONCIN actively responds to policy calls, takes the construction of a "zero-waste factory" as its top priority, and comprehensively advances green production practices through the establishment of a dedicated leadership group, systematical arrangement, and meticulous organization. Starting from the source, the Company has vigorously implemented production process innovations, introduced intelligent manufacturing and automatic equipment, and achieved precise control over production processes and refined management of raw materials, effectively reducing material waste. At the same time, it takes the initiative in selecting eco-friendly materials and optimizing manufacturing processes, which significantly improves material utilization rates and reducing waste generation at the source.

In terms of waste treatment and resource recycling, LONCIN establishes a comprehensive system for sorted collection and high-value recycling, conducts precise disposal of industrial solid waste, hazardous waste, and household garbage, and achieves efficient resource recovery through professional cooperation and its own facilities. The Company also constructs an industrial chain for resource recycling, utilizing technologies such as advanced wastewater treatment and waste heat recovery to achieve the recycling use of resources like water and energy. These initiatives have not only improved energy conservation, emissions reduction, and resource utilization efficiency within the Company but have also facilitated and played a leading role in the industry's green transformation through experience sharing and supply chain collaboration.



Factory Site

1.4 Green Logistics

Currently, in the process of comprehensively advancing the development of a green manufacturing system, green logistics is a vital link connecting the internal and external operations of green factories and is of systematic value for achieving environmentally friendly production throughout the full lifecycle. By optimizing resource allocation and reducing environmental burden, the Company supports green factories in achieving their clean production goals, thereby providing sustained momentum for corporate sustainable operations.

At the level of resource recycling and efficiency improvement, green logistics significantly reduces energy consumption and resource waste in logistics activities by adopting low-carbon transportation modes such as rail and sea freight and combining with multimodal transport to optimize network layouts. The Company consolidates transportation needs and optimizes route planning to improve vehicle utilization efficiency and reduce empty-loaded rates, enabling more precise resource allocation and creating synergy with the green factory's goal of efficient resource utilization.

Regarding green packaging, the Company promotes the use of recyclable cardboard boxes as packaging materials for products such as motorcycles, engines, and general machinery, which is a common practice for reducing waste generation and minimizing environmental impact. Such packaging not only enables the recycling and regeneration of used packaging through specialized channels, creating a closed-loop resource system, but also reduces the Company's procurement costs of raw materials to some extent, thereby unifying environmental benefits with economic performance. In 2025, LONCIN adopted recyclable cardboard boxes for packaging motorcycles, engines, and general machinery products, including 1.317 million motorcycles, 3.3495 million engines, and 3.3223 units of general machinery. A total of 6,596,914 cardboard boxes, 1,385,307 wooden pallets, and 7,846,308 plastic crates were used, with 4,469,662 units recycled, effectively improving the packaging recycling rate.

2.Green Product Innovation

The Company takes leading the sustainable development as its responsibility and is dedicated to developing and promoting green new energy products. To follow the global energy transition trend, we actively explore innovative technologies and are committed to providing environmentally friendly, efficient, and reliable clean energy solutions. By integrating advanced concepts and technologies, the Company continuously enriches its product matrix to meet diverse market demands. We are dedicated to collaborating with all sectors of society to jointly promote the widespread application of green energy and contribute to creating a cleaner, more sustainable future.

2.1 Hydrogen-Powered All-Terrain Vehicle

The Company makes active efforts to engage in the preparatory research layout of a hydrogen fuel-cell all-terrain vehicle, designed for special scenarios such as outdoor operations and emergency rescue, with hydrogen as the power source and the advantages of zero emissions and extended range. Equipped with a high-efficiency hydrogen fuel-cell system, the vehicle achieves zero carbon emissions compared to traditional gasoline-powered all-terrain vehicles and delivers a 20% or greater improvement in power response, which can also operate stably on complex terrains such as mountains and forests, providing a reliable green power solution for scenarios where outdoor energy replenishment is difficult. The successful research and application of this technology effectively resolves energy supply issues for all-terrain vehicles during high-intensity operations and offers new insights into future green mobility solutions. Given that the hydrogen energy industry is still in the developmental stage in terms of costs, infrastructure, and large-scale application, the Company will continuously keep track of technology advancements and prudently evaluate the feasibility of commercial production based on actual conditions.



Hydrogen-Powered All-Terrain Vehicle

2.2 Hybrid Scooter SR150GT H

The SR150GT H Model of the first mass-produced hybrid scooter in China, launched by the Company, represents a technology breakthrough and innovative practice in the field of energy conservation and emissions reduction for motorcycles. Equipped with China's first-of-its-kind 48V hybrid system, the vehicle features several core patented technologies with a focus on energy efficiency and low-temperature adaptability: ① A battery heating system. As the only brand in China to equip a motorcycle with such a system, the Company ensures stable operation even in extreme cold down to -20°C. ② Enhanced charging efficiency, which reduces energy loss during battery charging. ③ Dynamic power output adjustment, which is a technology exclusive to Wujin in China and can intelligently adjust the degree of motor assistance based on the user's actual riding situation. Moreover, the hybrid system of the vehicle features the WMTC circulation function, which can recuperate energy during the vehicle's coasting and braking, and improve charging efficiency and energy storage performance, offering a new solution for low-carbon mobility.



Hybrid Scooter SR150GT H

2.3 EP350 Portable Power Station

The EHOM EP350 portable power station of LONCIN stood out for its innovative design and won the 2025 Red Dot Award for Product Design. This product achieves breakthroughs in energy efficiency and sustainability: equipped with an advanced battery management system and efficient heat dissipation technologies, it utilizes a cross-flow fan and natural-color injection molding to significantly improve heat dissipation and reduce energy consumption during operation. The EP350 adheres to the principles of green manufacturing, utilizing eco-friendly materials and a V0-grade flame-retardant shell. Combined with automotive-grade battery cells and high-capacity lithium batteries, it ensures product safety and durability while significantly reducing its carbon footprint and resource consumption.



The EP350 Won the 2025 Red Dot Award



EP350 Portable Power Station Product



DS800X Rally Product

2.4 DS800X Rally Product Lightweight Design

The LONCIN DS800X Rally integrates the philosophy of environmental protection into systematic lightweight design and material innovation. The vehicle uses aluminum for key components such as swingarm and side stands, which are more than 25% lighter than comparable steel parts, resulting in a curb weight of 248 kg. This comprehensive lightweight design directly reduces gasoline consumption and carbon emissions, effectively alleviating environmental pressure. Additionally, the body panels utilize new high-toughness materials, enhancing the vehicle's impact resistance and thereby reducing the frequency of replacement for vulnerable parts and lowering maintenance costs. The use of rotomolded materials such as HDPE improves the recyclability of components and promotes resource recycling. From production and use to recycling, the DS800X Rally employs an integrated design philosophy of "lightweight, durability, and recyclability", which not only enhances product performance and economic efficiency but also significantly reduces the vehicle's environmental footprint across its entire lifecycle and demonstrates the value of sustainable mobility for the future.



XWolf 1000Mud (Mud Edition) All-Terrain Vehicle Product

2.5 XWolf 1000Mud All-Terrain Vehicle

The Company focused on the coordinated development of high performance and environmental friendliness, and launched the XWolf 1000Mud all-terrain vehicle. Equipped with an intelligent power distribution system and a full-torque transmission system, the vehicle achieves efficient power utilization through high torque output at low RPM. Combined with the optimized thermal management design, it enhances engine operating efficiency and energy consumption performance. At the same time, it strictly adheres to global environmental standards, having passed the U.S. Environmental Protection Agency's (EPA) emissions certification, the California Air Resources Board's (CARB) fuel vapor emissions standards, and the EU T3 emissions certification, and putting the concept of green research and development into practice. By enhancing off-road performance and adaptability to complex terrains while balancing energy efficiency optimization and environmental compliance, the Company made efforts to create green products with outstanding performance and sustainability.

2.6 LONCIN Successfully Ignited the GDI Engine

LONCIN successfully ignited the first GDI (Gasoline Direct Injection) engine in China's motorcycle industry, which is the achievement of six months of round-the-clock endeavors of more than 20 technical research engineers of the Company, symbolizes a significant breakthrough in the localization and cleanliness of China's motorcycle engine technology, and demonstrates the Company's commitment to its brand vision of "A Leading Brand with Low-carbon Power System and Intelligent Products."

Facing technical challenges such as high engine speeds and compact space constraints in motorcycles, the Company's team spared no efforts to make breakthroughs in four core technologies: optimizing the combustion system, adapting to high-speed operating conditions, streamlining the overall structure, and ensuring reliability through CAE simulation. All this not only aligns with the industry trend toward higher power, lower fuel consumption, and lower emissions in the internal combustion engine sector but also lays a solid foundation for the Company to seize technological leadership and support the transformation and upgrading of China's motorcycle industry.



LONCIN Successfully Ignited the GDI Engine

3. Clean Energy Application

In respect of low-carbon energy, LONCIN has actively laid solar photovoltaic panels on the roofs of the factory, vacant land, and other areas to make full use of renewable energy sources. Currently, the photovoltaic power generation capacities are 1,260.80 kWh per day and 2,795.68 kWh per month, the cumulative photovoltaic power generation capacity is 843.90 MWh, and the cumulative carbon emission reduction is 229.54 tons.



Overview of Photovoltaic Power Generation Data

04

People-Oriented Development for Social Harmony

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Response to the United Nations SDGs:



Employee Empowerment and Value Realization

LONCIN adheres to the concept of "people-oriented" and is committed to fostering an open and collaborative organizational environment with mutual trust and care. The Company regards talent development as the cornerstone of corporate growth. By providing comprehensive career paths, integrating training resources, and fostering an innovative atmosphere, it provides employees with a broad platform for development while prioritizing work-life balance and mental well-being. Through concrete actions, LONCIN practices the concept that "talent is the primary resource", respects and safeguards employees' rights and interests, and promotes mutual growth and win-win development of employees and the Company.

1. Employment

LONCIN strictly abides by the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, and other national laws and regulations, and based on the realities of corporate management, has formulated and issued the internal systems such as the Employment Contract Management Practices and the Recruitment and Hiring Management Practices, which comprehensively involve key management areas including personnel employment, remuneration and benefits, assessment and promotion, and separation from service. On this basis, the Company has established a standardized and orderly human resources management framework.

The Company has always regarded "fairness and justice" as the core principle of corporate culture and internal management, which serves not only as a crucial prerequisite for safeguarding the basic rights and interests of employees, but also as a solid foundation for sustainable development of the Company. In its daily operations, the Company strictly fulfills national legal requirements regarding remuneration payment, leaves and vacations, welfare benefits, occupational safety and health, social insurance, etc., and fully guarantees the legitimate rights and interests of employees. Throughout the entire management process, including employee recruitment, promotion, and remuneration determination, the Company consistently upholds objective and uniform evaluation criteria, resolutely eliminates all forms of bias and discrimination, and rigorously enforces regulations prohibiting the employment of child labor, the hiring of minors aged under 16 (including interns), strictly prohibits forced labor, and opposes any form of differential treatment. Meanwhile, it effectively ensures equal pay for equal work between men and women, standardizes working hour management, and ensures that the entire employment process is lawful, compliant, fair, and transparent. In 2025, it continuously advanced the development of a diversified workforce system.

2025

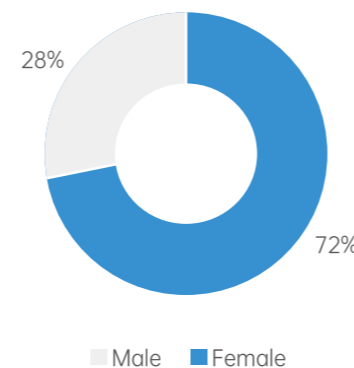
Currently, there are 102 veterans and 14 employees with disabilities among the workforce, fully demonstrating the Company's high emphasis on fulfilling social responsibilities and deepening its commitment to humanistic care.

As of the end of the reporting period, there were a total of

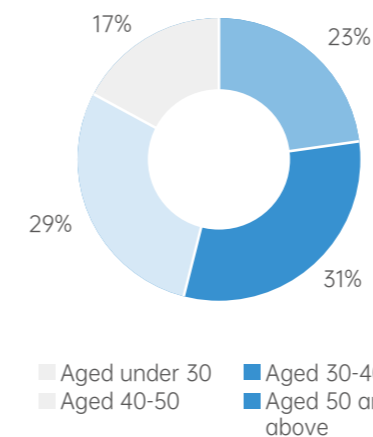
10,348 employees



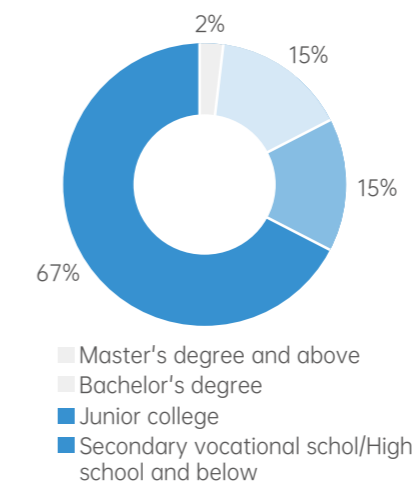
2025 Employee Distribution by Gender (Unit: %)



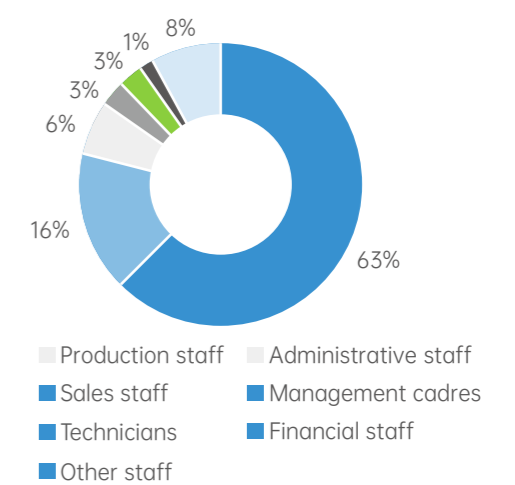
2025 Employee Distribution by Age (Unit: %)



2025 Employee Distribution by Education (Unit: %)



2025 Employee Distribution by Position (Unit: %)



Employee Composition and Distribution

2. Employee Development

Through a systematic promotion mechanism and a diverse training system, LONCIN continuously empowers employee growth, laying a solid foundation for talents available for the Company's high-quality development.

2.1 Employee Promotion

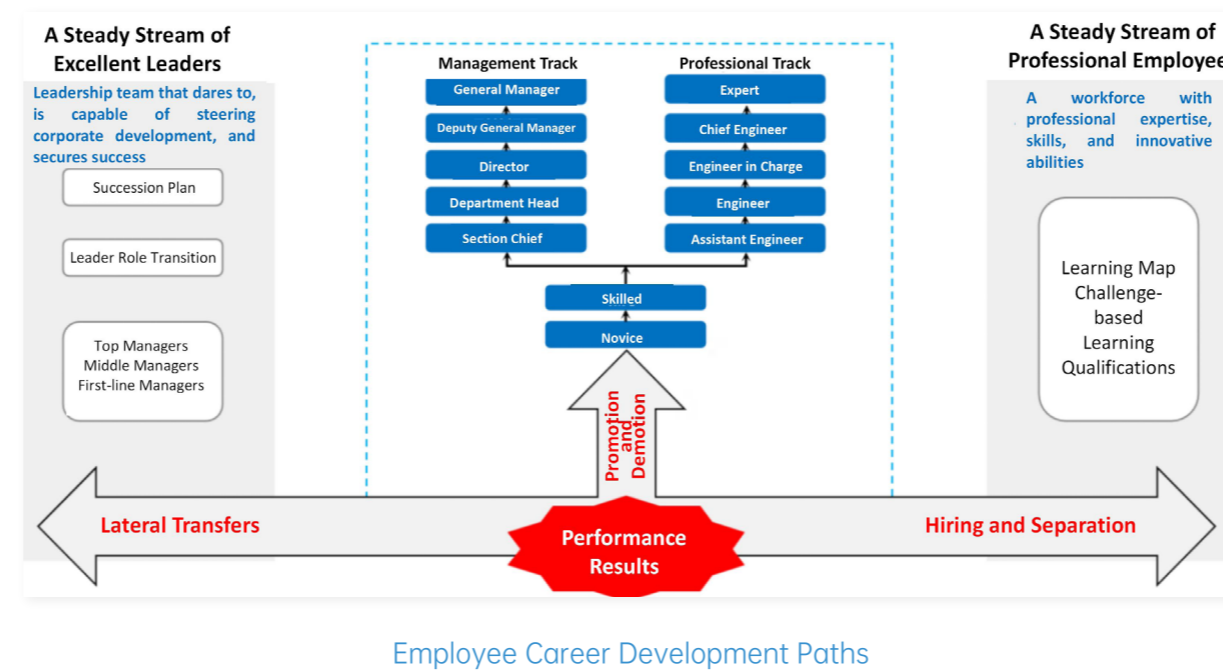
LONCIN establishes a dual-track career development system consisting of "the management track and the professional track" to systematically promote employee advancement and growth. This system is performance-driven and covers all positions within the Company, aiming to achieve the goals of producing a steady stream of excellent leaders and a steady stream of excellent employees. Under this dual-track mechanism, employees may opt for the vertical development on the management track or the improvement of their professional skills in various specialized fields, enabling both horizontal and vertical career advancement. The Company implements a dynamic development mechanism that allows for promotion and demotion, lateral transfers, and hiring and separation, ensuring flexibility in talent flow and the continuous stimulation of organizational vitality. Additionally, to enhance employees' professional skills, LONCIN has partnered with institutions such as the Chongqing Mechanical Technician College to conduct vocational skills training, in a bid to provide institutional safeguards and practical support for employees' career development and further solidify the foundation for talent echelon construction.

The Company places great emphasis on young talent cultivation and talent echelon construction. To strengthen the talent foundation for strategy implementation and build a high-caliber workforce, it has launched the U30 Young Talent Development Program, with a focus on exploring and nurturing elite employees aged under 30. The program is open to all employees, with selection based on core criteria including basic qualifications, work performance, capabilities, and potential. It aims to pick out young talents with professional quality, professional proficiency, and development potential. In 2025, the Company rigorously selected 50 outstanding young employees from 175 candidates to join the talent echelon. It established a systematic training system targeted at the selected young talents, and conducted specialized training for them by considering the Company's strategic planning, business and operating needs, and personal development goals of employees. Through the provision of a tiered training and development mechanism, the Company fully stimulated the innovative vitality and growth potential of young employees, built a pool of core, young talents to support its sustainable development, and promoted mutual growth between young employees and the Company.

2.2 Employee Training

LONCIN adheres to the development concept that "talent is the primary resource", places employee growth at the core of corporate strategy, and is committed to building a comprehensive, hierarchical, and classified talent training system. Centering on multiple dimensions such as the improvement of professional skills, advancement of management capabilities, development of leadership and cross-domain collaboration, the Company systematically carries out regular and diversified training programs, with a total special training fund investment of RMB 2.8409 million for the whole year, providing solid support for talent development.

In 2025, the Company continued to strengthen its training system and its implementation, delivering a total of 4,369 employee training courses throughout the year and accumulating 25,870 training hours. Through a systematic and full-coverage training mechanism, the Company has empowered all positions from frontline employees to the management team, with the per capita training duration reaching 2.50 hours. This series of measures has effectively stimulated employees' potential, clearly planned career development paths, not only promoted the improvement of employees' personal values, but also forged a talent team with a reasonable structure and excellent quality for the Company, injecting sustained impetus into the high-quality development of the enterprise.



▶ 2025

Special training fund	Employee training courses	Throughout the year and accumulating	The per capita training duration reaching
RMB 2.8409 million	4,369 sessions	25,870 hours	2.50 hours

Warm Care, Greater Happiness

LONCIN adheres to the concept of "people-oriented", committed to fostering an open, collaborative, warm, and inclusive organizational environment. Through comprehensive employee welfare programs and a rich array of cultural activities, the Company strengthens employees' sense of belonging and enables mutual growth between employees and the organization.

1. Employee Benefits and Care

LONCIN has formulated the Employee Welfare Management Measures to ensure sustained care for its employees through institutionalized arrangements. The Company consistently places the well-being of all employees first, integrates humanistic care into its corporate culture, and maintains long-term attention to employees' daily lives, physical health, and mental well-being, delivering warmth through systematic employee care programs and precision-targeted assistance. The Company regularly carries out special care initiatives—such as the "Cooling Relief" outreach during hot seasons and assistance programs for employees in hardship before the Spring Festival—responding effectively to employee needs through material support and financial aid.

The Company has formulated the Implementation Rules for the LONCIN Union Warmth Initiative, providing comprehensive care across all scenarios—including holiday greetings on statutory festivals, birthday acknowledgments, autumn educational assistance, and support for serious illnesses or disaster-related emergencies—and implementing categorized, tiered, and precision-targeted aid for employees in difficulty, thereby effectively safeguarding employee rights, reflecting the Company's caring spirit, and continuously building a warm, reliable employee care system.

To strengthen a sustainable incentive mechanism, energize core teams, and promote mutual growth between the Company and its employees, LONCIN launched its third Employee Stock Ownership Plan (ESOP) during the reporting period and completed all required approval procedures, with a total scale of approximately RMB 400 million. This marks the Company's first major long-term employee incentive initiative in eight years, designed to further energize the motivation and creativity of senior management and key personnel, attract and retain top talent, and thereby build the strongest internal foundation for sustainable development.

Case | Improvement of Employee Workwear, Meals, Accommodation, and Commuting

To genuinely enhance employees' quality of life and well-being, and to foster a harmonious and stable working environment, LONCIN has launched a series of improvement initiatives focused on employees' daily needs—covering workwear, meals, accommodation, commuting, and the overall campus environment.

Workwear: The Company has rolled out new uniforms for all employees to improve comfort and partnered with a professional laundry service to offer free cleaning of work uniforms.

Meals: After extensive employee feedback, the Company brought its staff canteen—previously outsourced for ten years—back under direct management and invested in a full-scale renovation to significantly elevate both food quality and dining experience. Additionally, the Company transformed approximately 4,000 square meters of idle land into a vibrant vegetable garden—planted and harvested by employees themselves—creating LONCIN's signature "Happy Farm" to supply fresh, healthy, and eco-friendly produce.

Accommodation: Addressing dormitories over ten years old with outdated facilities, the Company has invested hundreds of millions of RMB in comprehensive renovation and reconstruction, dramatically improving living conditions and residential experience for employees.

Commuting: The Company has replaced all employee shuttle buses with vehicles operated by Chongqing Public Transport Group, equipped with enhanced safety management systems and real-time in-vehicle monitoring to strengthen commuting safety.



In terms of environmental enhancement, the Company has organized tree-planting and greening initiatives to continuously improve the campus ecosystem; it has also established a "Workers' Orchard," open for fruit-picking by outstanding frontline production staff, enabling employees to share in the fruits of corporate growth and ecological development.



Through these integrated initiatives, the Company—grounded in employees' real-life needs—continuously refines its welfare system, effectively strengthening their sense of belonging, happiness, and team cohesion, thereby laying a solid foundation for sustainable business development.

Case | Uniting Hearts, Igniting Love – Establishment of the LONCIN Care Fund

On November 21st, 2025, led by the Company's labor union, LONCIN established the LONCIN Caring Fund to comprehensively strengthen employee care initiatives, build a distinctive "warmth project," and carry forward the cherished tradition of "when one is in need, help comes from all sides." The fund is primarily used to support employees in hardship, provide emergency assistance in unexpected situations, and deliver various forms of care and consolation, offering timely and targeted support and protection. The establishment of the LONCIN Caring Fund has further built a solid defense line for employees to withstand risks, conveys the Company's sincere care for its staff, and deeply roots the cultural concepts of mutual help, friendship and solidarity. The Company will safeguard employees' well-being with concrete actions, continuously unite the people and pool strength, injecting warm and enduring impetus into the high-quality and sustainable development of the enterprise.



Case | The "Cooling Care" Initiative

On August 5th, 2025, the Party Committee of LONCIN organized a "Summer Cooling" care activity for staff working in high temperatures. Members of the Party Committee formed several care groups and visited various high-temperature work sites and frontline positions to greet employees who kept working in the scorching heat, presenting them with heatstroke prevention and cooling supplies and sincere care from the organization. The activity benefited more than 200 employees, effectively delivering care and warmth to frontline staff, further enhancing team cohesion and motivating employees' work enthusiasm.



Case | Spring Festival Care for Employees in Need

On the occasion of the Spring Festival, the Company launched a Spring Festival care activity for employees in need under the theme of "Delivering Warmth and Showing Care". It sent consolation supplies including grain and oil, milk, and toiletries to the families of employees facing hardships, truly bringing the organization's care and Spring Festival blessings to their hearts. This care activity not only made employees in need deeply feel the warmth of the corporate family, but also effectively boosted morale, enhanced team cohesion and sense of belonging, and fully demonstrated the Company's people-oriented development philosophy.



2. Staff Activities

The Company strives to build a diversified platform for employee activities. By organizing a variety of cultural and sports events such as themed performances, group movie screenings and sports competitions, it enriches employees' spiritual life and enhances team communication and cohesion. These activities not only provide employees with opportunities for self-display and collaboration, but also further foster a positive, supportive and caring organizational atmosphere, enabling every employee to feel the Company's support and sense of belonging.

Case | Staff Singing Competition

On April 30th, 2025, to celebrate the International Workers' Day, the Company held a large-scale cultural performance themed "Glory in Labor, Greatness in Creation, Building a Better Future", attended by nearly 3,000 employees. During the event, employee choirs and dancers performed on the same stage, paying tribute to all workers with passionate singing and graceful dancing. This activity not only enriched employees' cultural life and promoted the spirit of model workers and craftsmanship, but also made every worker feel their own value and the respect of the Company, further inspiring all staff to love their jobs, work with dedication and strive forward in unity.



Case | Movie Screening for Dormitory Employees

On July 1st, 2025, to celebrate the CPC Founding Day and further strengthen cohesion among dormitory residents, the Company organized a themed movie screening activity for over 200 employees living in dormitories. The group movie screening created a warm and harmonious cultural atmosphere, effectively enhancing employees' sense of belonging and team cohesion. Well-organized, this activity not only enriched employees' spare time life but also promoted corporate culture development, playing a positive role in boosting employee cohesion and facilitating the harmonious development of the Company.



Case | Dormitory Staff Badminton Competition

In 2025, to further develop the employee welfare system and enrich the cultural and recreational activities of dormitory staff, the Company organized the first "Show Your Skills in Badminton, Unite for the Future" Badminton Tournament for dormitory staff. The event attracted a total of 32 male and 8 female employees. On the field, the participants competed with courage and teamwork, fully demonstrating a high-spirited, positive, and enterprising demeanor. This event further advanced the development of our corporate culture centered on "building together, sharing together, and celebrating together," fostering a sense of unity and cohesion through heartwarming initiatives.



Life First, Safety Foremost

LONCIN has always taken occupational health and safety management as the fundamental guarantee for enterprise development. By establishing a modern management system that covers all employees and runs through the entire process, the Company systematically fulfills its primary corporate responsibilities. The Company continues to strengthen the prevention and control of occupational hazards, improve the employee health monitoring mechanism, and conduct in-depth safety training and emergency drills. It promotes the transformation of the health and safety management model from post-incident response to pre-incident prevention and systematic governance, effectively providing solid support for the physical and mental health of employees and the stable operation of the Company. In 2025, the Company recorded zero work-related fatal accidents.

1. Occupational Health Management

LONCIN strictly abides by the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations, and has systematically established an employee health protection mechanism that covers all employees and all processes. The Company has formulated and implemented internal systems such as the Measures for Occupational Health Management, clarifying management responsibilities and standardizing work procedures. A complete institutional management system has been formed, covering monitoring and assessment of hazards in the workplace, occupational health examinations, hazard notification and warning, management of personal protective equipment, as well as occupational health publicity, education and file management. This mechanism aims to effectively prevent and control occupational hazards, continuously improve the working environment, and earnestly safeguard the physical and mental health and legitimate rights and interests of every employee through systematic and standardized measures.

1.1 Annual Physical Examinations

LONCIN has formulated and implemented the specific management requirement titled Organization and Implementation of Occupational Health Examinations. Through clarifying responsibilities, standardizing procedures, and establishing continuous follow-up mechanisms, the Company conducts specialized health surveillance for employees exposed to occupational hazards. Annually, the Company formulates examination plans based on the categories and exposure levels of hazards. It organizes specialized health checks for pre-employment, in-service, and pre-departure stages, strictly determining the items and frequency in accordance with national standards. Furthermore, the Company promptly addresses abnormal results and maintains long-term occupational health records, thereby systematically fulfilling its primary responsibility for the prevention and control of occupational diseases.

Meanwhile, the Company attaches importance to the comprehensive health management of employees, uniformly organizes routine health examinations for all staff every year, and establishes and maintains personal health records accordingly. This provides a basis for implementing scientific and systematic health support. By combining routine physical examinations with specialized occupational health examinations, the Company has built a health management mechanism covering all employees and running through their entire career cycle, effectively safeguarding employees' physical and mental health. In 2025, the Company achieved full coverage of physical examinations for all on-the-job employees.

1.2 Occupational Hazard Prevention and Control Mechanism

LONCIN has formulated the System for Monitoring and Analysis of Occupational Hazards, conducting regular monitoring and analysis in workplaces with occupational disease risks. The Company formulates an annual monitoring plan specifying locations, items and frequencies, and systematically identifies and assesses various occupational hazards such as dust, noise and chemical toxicants through a combination of regular testing and daily supervision. Test results are rigorously analyzed against national limit standards. Any issues identified are promptly disclosed, and targeted corrective actions are organized. Meanwhile, by establishing comprehensive monitoring archives, the Company is driving a shift in occupational hazard control from passive response to proactive prevention and systematic governance.

2. Work Safety and Emergency Management

LONCIN adheres to the people-oriented principle and regards employee safety and health as the basic premise and important guarantee for enterprise development. The Company strictly adheres to domestic and international standards such as ISO 45001 and GB/T 45001-2020. It has formulated and implemented a series of core systems covering the full process of safety management, including the Safety Production Responsibility System, the Safety Training and Education System, and the Accident Risk Identification and Hidden Danger Investigation and Management System. Furthermore, the Company continuously improves its occupational health and safety management system, systematically building a closed-loop mechanism that spans from responsibility implementation and risk control to emergency response. Through regular training, facility upgrades, and multi-level supervision, the Company translates institutional requirements into concrete actions. This effectively safeguards employee safety and fosters a safety culture characterized by prevention first and participation by all.

2.1 Safety Training

Focusing on risk points across all aspects of production and operations, the Company conducts targeted, diversified training sessions. These include forklift operation for engine handling, three-level safety training for new employees, and interpretations of the Work Safety Law. By combining theoretical instruction with practical drills, the Company continuously strengthens safety awareness across the board. This approach enhances employees' ability to identify and handle various safety hazards, ensuring that safety concepts are deeply rooted in everyone's mind and laying a solid ideological foundation for production and operations. In 2025, the Company organized a total of 470 training sessions covering 15,093 person-times, with a training coverage rate of 97.7%.

Case | Work Safety Month Training

In 2025, LONCIN organized special training for the Work Safety Month, aiming to further strengthen the safety awareness of all employees and standardize safe operation practices. This special training is a key part of LONCIN in fulfilling its primary responsibility for work safety. It has not only consolidated the Company's safety management foundation, but also laid a solid foundation for continuously fostering a safety culture featuring "prevention first and participation by all" and ensuring the safe and stable operation of the enterprise.



Case | Safety Training on Forklift Operation for Engines

In March 2025, the Company organized a special safety training on forklift operation for engine handling, and provided systematic lectures on safety standards for the entire process of forklift operations to frontline operators and relevant management personnel. The training elaborated on dangerous scenarios and standard operating procedures during operations, further enhancing the safety awareness and practical operation capabilities of participants. This training helps to clarify the primary responsibility for work safety, improve the safety literacy of frontline operators, and lay a solid foundation for preventing vehicle-related injuries and ensuring safe and stable production operations.



2.2 Emergency Drill

The Company has formulated a series of rules and regulations, including the Emergency Plan for Production Safety Accidents, the Measures for Emergency Preparedness and Response Management, and the Procedures for the Control of Emergency Preparedness and Response, clarifying the emergency organizational structure, response levels, incident handling procedures, and support measures. The Company carries out emergency drills on a regular basis, organizing a total of 87 drills throughout the year, continuously testing the practicality and operability of the emergency plans and optimizing incident handling procedures. In addition, the Company has fully equipped itself with a comprehensive range of emergency resources—including fire extinguishers, first aid kits, emergency response vehicles, and other essential supplies—and has established a robust emergency communication mechanism. This ensures rapid and scientifically sound responses to emergencies such as fires, explosions, or chemical leaks, thereby minimizing personnel injuries and property damage to the greatest extent possible, and providing solid institutional and hardware support for the Company's safe and stable operations.

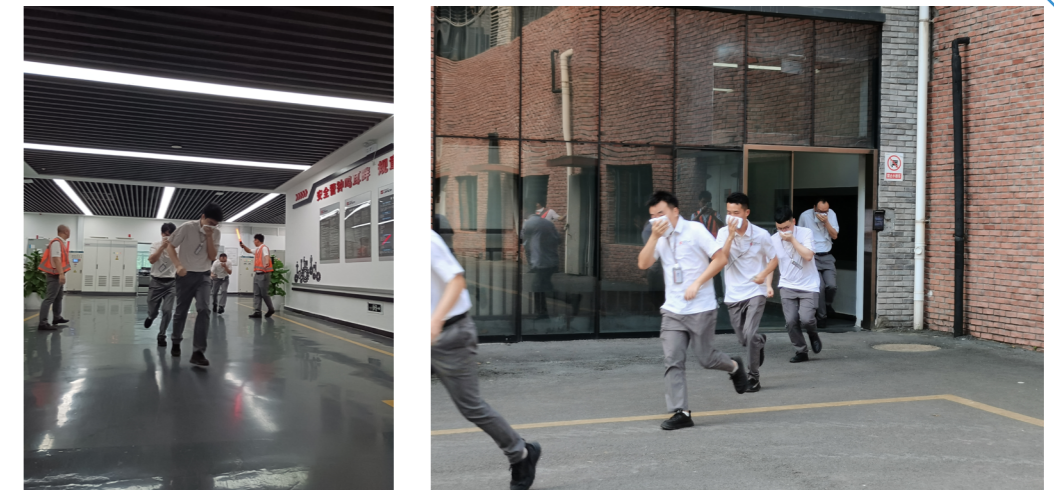
Case | Oil Depot Safety Emergency Drill

In July 2025, the Company organized a special emergency drill for oil leakage, fire, and explosion accidents targeting oil depot safety. The drill simulated the entire process—from leak detection and initial response to alarm activation, firefighting, and personnel evacuation—effectively validating the feasibility of on-site emergency procedures, enhancing coordination and response capabilities among relevant personnel under emergency conditions, and further strengthening the safety assurance foundation for the Company's key operational areas.



Case | Evacuation Drill

In 2025, the Company's Technology Center organized the annual comprehensive evacuation emergency drill. The drill strictly followed the emergency plan procedures and simulated the entire process of personnel evacuation, on-site command, and emergency response in the event of a sudden emergency. Participants evacuated in an orderly manner in accordance with the established escape routes, and personnel in key positions quickly fulfilled their emergency duties. The entire process was characterized by rapid response, orderly organization, and appropriate handling. This drill effectively tested the practicality and operability of the emergency plan of the Technology Center, further strengthened the safety risk awareness and emergency avoidance capabilities of all staff, and laid a solid foundation for ensuring the safety and stability of scientific research and production activities.





United in Purpose, Spreading LONCIN's Warmth

LONCIN actively fulfills its social responsibilities, integrating corporate development into the overall national strategy and committing itself to rural revitalization and community development. Relying on its industrial resources, the Company supports rural development and urban-rural integration through a series of practical measures, advancing the coordinated development of the enterprise and society while fulfilling its social obligations.

The Company continuously invests in local public welfare causes, focuses on the well-being of special groups, conveys corporate care through concrete actions, and upholds the responsibility philosophy of co-building and shared benefits. On the other hand, the Company strives to integrate public welfare practices with rural development. Leveraging its organizational and brand advantages, it helps broaden the paths of rural development through innovative models, effectively promotes industrial revitalization, and achieves efficient synergy between corporate social responsibility and sustainable development. In 2025, LONCIN's cumulative donations amounted to RMB 110,000. Through sustained investment in public welfare, the Company fulfills its social responsibilities, gives back the fruits of corporate development to society, and demonstrates its corporate culture of "co-building and shared benefits" and sense of responsibility with tangible actions.

Case | "Caring for the Disabled, Compassion in Action" Donation Drive

In January 2025, LONCIN actively responded to the donation drive "Caring for the Disabled, Compassion in Action" launched by the Disabled Persons' Federation of Jiulongpo District, donating RMB 10,000 to purchase warmth kits. The donation brought care to disadvantaged families in the district, including households with multiple disabled members, families where the elderly support disabled relatives, and households with persons with severe disabilities at Level 1 or Level 2. This donation not only provided practical living support to the beneficiaries, but also demonstrated the Company's commitment to continuously caring for vulnerable groups and contributing to common prosperity.

Case | Live-Streaming for Rural Revitalization

In 2025, the Party Branch of LONCIN's engine business unit actively promoted the deep integration of Party building and business operations by launching an innovative live-streaming initiative titled "Party Leadership, Craftsmanship for Farmers" to support rural revitalization. Leveraging the Company's brand influence, the initiative expanded sales channels and injected new impetus into rural revitalization with a "red engine". This practice not only effectively translated the political advantages of the Party organization into practical momentum for rural development, but also enabled Party members to further uphold their original aspiration and sense of mission while serving the people, realizing effective synergy among Party building, social responsibility, and corporate development.



Appendix 1: Key Performance Indicators

Indicator	Unit	FY2023	FY2024	FY2025		
Economic Performance						
Operating income	RMB Ten Thousand	1,306,648.13	1,682,224.10	1,913,515.45		
Net profit	RMB Ten Thousand	58,342.18	112,127.17	164,775.04		
Total tax payments	RMB Ten Thousand	53,821.44	91,449.17	126,243.45		
Total cash dividends (including tax)	RMB Ten Thousand	20,535.42	82,141.67	143,747.93		
Cash dividends per 10 shares	RMB Ten Thousand	1.00	4.00	7.00		
R&D investment	RMB Ten Thousand	52,397.51	53,453.00	46,855.88		
Overseas income	RMB Ten Thousand	855,353.00	1,088,973.54	1,286,835.44		
Environmental Performance						
Responding to Climate Change	Scope 1 GHG emissions—direct	tCO ₂ e	/	18,932.44	17,992.27	
	Scope 2 GHG emissions—indirect	tCO ₂ e	/	136,348.10	56,109.36	
	Scope 3 GHG emissions—upstream and downstream	tCO ₂ e	/	/	53,612.84	
	Total GHG emissions	tCO ₂ e	/	155,280.54	127,714.47	
	Scope 1 GHG emissions intensity	tCO ₂ e/RMB Ten Thousand	/	0.01	0.01	
	Scope 2 GHG emissions intensity	tCO ₂ e/RMB Ten Thousand	/	0.08	0.03	
	Scope 3 GHG emissions intensity	tCO ₂ e/RMB Ten Thousand	/	/	0.03	
	GHG emissions intensity	tCO ₂ e/RMB Ten Thousand	/	0.09	0.07	
	Use of Energy	Gas	Cubic meter	2,677,584.00	2,566,771.00	8,800,000.00
		Petrol	Liter	443,053.00	503,741.00	185,602.74
Renewable energy		Kilowatt Hours	28,760,965	162,520.00	784,500.00	
Purchased electricity		Kilowatt Hours	40,691,138.00	59,197,270.00	105,747,000.00	
Gaseous Pollution Emissions	Total waste gas emissions	Cubic meter	2,579,906,290.00	2,572,050,400.00	2,759,370,220.00	
	Particulate matter	Tons	18.48	7.03	9.49	
	Non-methane hydrocarbons	Tons	3.38	8.44	9.45	
	Nitrogen oxides	Tons	1.27	0.47	1.86	

Indicator	Unit	FY2023	FY2024	FY2025	
Sulfur oxides	Tons	0.33	0.02	0.07	
VOC emissions	Tons	21.39	12.21	27.61	
Ammonia	Tons	0.04	0.10	0.15	
Water Resources Utilization	Water consumption	Tons	994,400.00	1,147,600.00	1,162,127.13
	Intensity of water consumption	Tons/RMB Ten Thousand	0.76	0.01	0.61
Water Pollution Discharge	Total wastewater discharge	Cubic meter	560,974.00	500,300.00	625,060.00
	Chemical oxygen demand (COD)	Tons	66.98	58.54	49.86
	Five-day Biochemical Oxygen Demand (BOD5)	Tons	28.58	15.71	17.82
	Suspended substance	Tons	16.82	45.19	29.60
	Ammonia nitrogen	Tons	7.45	4.27	2.02
	Total phosphorus	Tons	0.64	0.84	1.08
	pH	/	7.12	7.14	6.91
	Anionic surfactants	Tons	0.06	0.16	0.08
	Fluoride (measured as F-)	Tons	0.66	0.95	1.01
	Oil type	Tons	1.38	3.85	135.49
Waste Management and Pollutant Prevention	Formaldehyde	Tons	0.11	0.00	0.13
	Total recyclable waste	Tons	189.00	448.81	626.16
	Total general solid waste	Tons	189.00	448.81	626.16
	Total recycling of general solid waste	Tons	189.00	448.81	626.16
	Emission intensity of general solid waste	Tons/RMB Million	0.01	0.03	0.03
	Total hazardous waste	Tons	487.99	4,630.25	5,607.86
	Total hazardous waste incineration	Tons	129.11	955.91	686.42
	Total hazardous waste recycling	Tons	358.88	3,276.29	3,761.30
	Emission intensity of hazardous waste	Tons/RMB Million	0.03	0.31	0.29
	Green Package	Packaging materials used - wooden pallet	Piece	650.00	136,390.00

Indicator	Unit	FY2023	FY2024	FY2025	
Green Package	Packaging material used - wooden buckboard box	Piece	30,000	1,923	2,432
	Packaging material used - plastic box	Piece	10,101	2,004	7,846,308
	Packaging materials used - cardboard box	Piece	2,018,796	4,607,451	6,596,914
Transportation	Number of electric private car ownership	Vehicle	193.00	387.00	437.00
	Number of fuel private car ownership	Vehicle	2,456.00	3,152.00	3,052.00
	Environmental protection investment	RMB Ten Thousand	880.00	940.99	1,068.22
Social Performance					
	Total number of employees	Person	8,932	10,529	10,348
Education	Master's degree and above	Person	224	232	238
	Bachelor's degree	Person	1,393	1,571	1,597
	Junior college	Person	1,350	1,628	1,565
	Secondary vocational school/High school and below	Person	2,611	3,167	6,948
		Number of trainings during the year	Times	8,165	4,540
Employee Training	Total number of employees trained	Person	8,165	10,167	10,348
	Number of basic level employees trained	Person	7,744	9,753	9,934
	Mid-level managers trained	Person	365	362	367
	Senior managers trained	Person	56	52	47
	Total hours of employees trained	Hours	16,200	20,334	25,870
	Average length of employee training	Hours	2	2	2.50
	Total number of hours of basic level employees trained	Hours	11,990	16,194	21,730
	Total hours of mid-level managers trained	Hours	3,650	3,620	3,670
	Total hours of senior managers trained	Hours	560	520	470
	Occupational Health and Safety	Number of safety training sessions conducted	Times	385	443
Number of emergency drills		Times	30	32	87

Indicator	Unit	FY2023	FY2024	FY2025	
Governance Performance					
Corporate Governance	Number of shareholders' meetings held	Times	5	5	3
	Number of board meetings held	Times	7	5	9
	Number of meetings of the Audit and Risk Control Committee	Times	4	5	4
	Number of meetings of the Nomination Committee	Times	5	2	3
	Number of meetings of the Remuneration and Appraisal Committee	Times	1	1	3
	Number of meetings of the Strategy and Investment Committee	Times	/	1	1
	Number of meetings of the Budget Management Committee	Times	/	/	1
	Number of meetings of the Related Transaction Committee	Times	/	/	1
	Number of members of the Board of Directors	Person	9	9	9
	Number of independent directors	Person	3	3	3

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¹During the reporting period, the Company had no instances of overdue payments to small and medium-sized enterprises; therefore, the issue of "equal treatment of small and medium-sized enterprises" does not apply to the Company.

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Appendix 3: Feedback Form

Dear Reader:

Thank you for reading the 2025 Environmental, Social and Governance (ESG) Report of Loncin Motor Co., Ltd. To provide you and other stakeholders with more professional and valuable corporate ESG information, we kindly invite you to complete the relevant questions in the feedback form. Your input will help the Company further improve its ESG performance in the future.

- 1、Your identity with respect to LONCIN Employee Customer Supplier Regulator Media Others _____(Please specify)
- 2、What is your overall evaluation of this report? Excellent Good Fair Poor Very Poor
- 3、Your opinion on the structure of this report: Highly Reasonable Reasonable Fair Poor Very Poor
- 4、Your opinion on the layout design and presentation of this report: Excellent Good Fair Poor Very Poor
- 5、Your view on LONCIN's overall performance on environmental issues: Excellent Good Fair Poor Very Poor
- 6、Your view on LONCIN's overall performance on social issues: Excellent Good Fair Poor Very Poor
- 7、Your view on LONCIN's overall performance on governance issues: Excellent Good Fair Poor Very Poor
- 8、What comments and suggestions do you have on LONCIN's ESG practices?

