

LONCIN MOTOR CO.LTD.
ENVIRONMENTAL
SOCIAL
AND GOVERNANCE
(ESG)REPORT 2024



I LONCIN's Sustainability Policy and Performance Data

- 03-08 ESG Strategy and Vision
- 09-12 Key Performance Indicators

II Environmental Initiatives for Green and Digital Development

- 14-23 Green Intelligent Manufacturing and Low-carbon Production
- 24-28 Ecological Conservation and Responsible Contributions
- 29-31 Pioneering Efforts to Address Climate Change

III Social Initiatives and Innovative Development

- 34-41 Human Resources Development
- 42-45 Technology-Empowered Industrial Upgrade Driven by Innovation
- 46-48 Rural Revitalization and Community Outreach

IV Compliance and Transparent Governance

- 50-58 Reinforcement of Compliance and Corporate Governance Structure
- 59-64 Transparent Dialogue Targeting Specific Stakeholder Groups

V Deliberate Planning and Long-term Vision

- 66-66 Targets Set for the 2030 Vision
- 67-68 Cooperation Build-up for Global Presence

VI Appendix

- 70-71 Index
- 72-74 Key Performance

CONTENTS

LONCIN's Sustainability Policy and Performance Data

01



6 CLEAN WATER AND SANITATION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
------------------------------	---	-------------------	---



I
II
III
IV
V
VI

“ Green development is a win-win that creates universal well-being and allows more participants to realize their self-values. On this path of continuous innovation, we look forward to joining hands with more peers to make the world a better place! ”



Dear colleagues, business partners, and friends from all sectors of society:

At this critical moment when LONCIN is embarking on a new journey of green intelligent manufacturing, I would like to present the ESG Report for fiscal 2024 on behalf of the management of the Company.

The year 2024 was extraordinary and also a milestone in the history of the Company's development. There were significant changes in the Company's actual controllers and major shareholders, and corporate governance was improved unprecedentedly.

The Company adhered to the development strategy of “Four Transformations and One Boost” toward a positive transition to electrification, intelligence, internet connectivity, and ecologization, with steady growth of businesses as a result, and revenue, in particular, has hit a record high. Guided by the vision of “A Leading Brand with Low-carbon Power System and Intelligent Products”, the Company successfully developed an all-terrain vehicle equipped with hydrogen fuel batteries and the purely electric intelligent unmanned platform SMP500, etc. Additionally, the Company continues to optimize the environmental performance of traditional fuel engines. VOGE launched the first full-scene ecological AI locomotive system in the motorcycle industry – “Jiyu OS” version 3.0¹, which brings a new intelligent travel experience to users. The Company was awarded titles such as “National Green Factory”².

Meanwhile, the Company also highly values investor returns and actively contributes back to investors through cash dividends, shares operating results with investors, and brings long-term stable investment returns to investors. Since its listing in 2012, its annual cash dividend amounts to more than 30% of net profit attributable to shareholders of the listed company in the year, with cumulative cash dividends of RMB 3.996 billion (inclusive of dividends in the 2024 distribution plan), accounting for 45.07%³ of cumulative net profit attributable to shareholders of the listed company..

The year 2025 is one to start a new chapter and to make greater achievements. Under the leadership of President Zuo Zongshen, the Company will further enhance its governance and take the initiative to incorporate into the national strategies, with Chongqing “33618” modern manufacturing cluster system⁴ as its focus, the stock optimization as its management technique, and the incremental breakthrough as its development orientation in accordance with the requirements of “Four-chain” integration and “Four-side” synergism. We will vigorously uphold the principle of “Standardization, Learning, Automation, Digitalization, Visualization and Intelligence” to build a digital intelligent factory and a future factory. Focusing on the main businesses, we will start the replacement and integration of motorcycle assets and businesses. We have the ambition to build the kernel of the motorcycle industry by expanding the market

share of VOGE high-end brand and developing new energy robot motorcycles. We will also double efforts to plan and build overseas factories to realize the transition from “Products Abroad” to “Manufacturing Abroad” and “Brand Abroad”. Through technological innovation, we will promote the global presence of our brand value and provide smarter choices for global users with green and intelligent products and services to enhance the competitiveness and influence of the Company in the global market, striving to become the industry pacesetter on all fronts.

All things that grow live in harmony and benefit from the nourishment of Nature. I sincerely appreciate the dedication of our employees and business partners, and the concern of friends from all sectors! It is your support and trust that secures the Company’s steady progress on green intelligent manufacturing. Green development is a win-win that creates universal well-being and allows more participants to realize their self-values. On this path of continuous innovation, we look forward to joining hands with more peers to make the world a better place!

Chairman of Loncin Motor Co., Ltd.

CHAIRMAN'S ADDRESS

¹ VOGE's "Jiyu OS" deeply integrates with DeepSeek, opening a new era of intelligent motorcycle transportation <https://www.loncinindustries.com/Group/NewsDetails.aspx?catid=7f68f80&id=2146822994>
² LONCIN was awarded the title of "National Green Factory"
<https://www.loncinindustries.com/Group/NewsDetails.aspx?catid=7f68f80&id=2146822994>
³ Announcement on the action plan of "Improving Quality, Increasing Efficiency and Focusing on Returns" by Loncin Motor Co., Ltd.
<https://notice.10jqka.com.cn/api/pdf/9853c7b1cc046cb3.pdf>
⁴ "33618" Chongqing aims to build a modern manufacturing cluster in the next five years
<http://cq.people.com.cn/n2/2023/0606/c365402-40445291.html>

This report, released annually, is the second ESG report publicly released by LONCIN (stock code: 603766.SH), aiming to respond to stakeholder expectations and comprehensively demonstrate the Company's philosophy, actions, and achievements in environmental, social, and corporate governance. This report has been reviewed and approved by the Board of Directors to ensure that there are no untrue records, misleading statements, or material omissions in its contents.

Period Covered

This report covers the period from January 1st, 2024, to December 31st, 2024. Some of the statements and data are not within the above period and will be explained when involved.

Publication

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

Organizations Covered

The reporting entity is Loncin Motor Co., Ltd., including more than 20 subsidiaries such as Chongqing Loncin Motor Co., Ltd., Chongqing Loncin Engine Co., Ltd., etc. The financial data used 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).

Referenced Standards

The preparation of this report is about *GRI Sustainability Reporting Standards* (GRI Standards) issued by Global Sustainability Standards Board (GSSB), *International Financial Reporting Sustainability Disclosure Standard No. 1 - General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and *International Financial Reporting Sustainability Disclosure Standard No. 2 - Climate-related Disclosure* issued by International Sustainability Standards Board (ISSB), *Sustainability Reporting Guidelines for Listed Companies* issued by the Shanghai Stock Exchange, and a series of relevant standards issued by the Task Force on Climate-related Financial Disclosures (TCFD), and it also discloses LONCIN's contributions to the United Nations Sustainable Development Goals (SDGs).

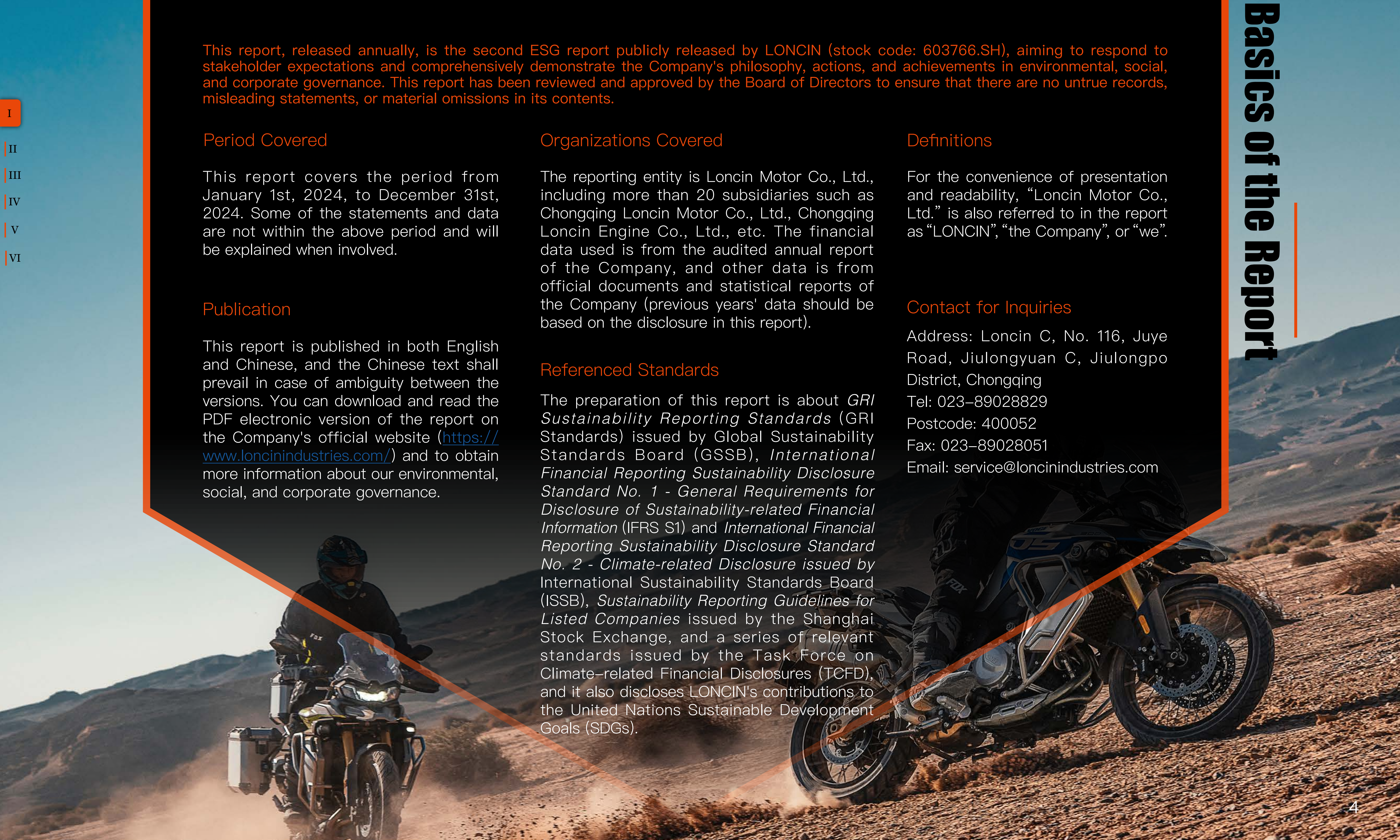
Definitions

For the convenience of presentation and readability, "Loncin Motor Co., Ltd." is also referred to in the report as "LONCIN", "the Company", or "we".

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- I
- II
- III
- IV
- V
- VI



Company Overview

I
II
III
IV
V
VI

Loncin Motor Co., Ltd. was established in 1993, listed on the Shanghai Stock Exchange in 2012 (SH: 603766). Headquartered in Chongqing, the company has a workforce of 10,529 employees, an asset size of RMB 16.089 billion, and an annual operating income of RMB 16.822 billion, of which overseas income accounts for 64.74%. It has (controlling) shareholdings in more than 20 companies all over the country; its products are sold popularly in more than 100 countries and regions all over the world; and the number of distributors is more than 2,000. The Company's main products focus on motorcycles, engines, general-purpose power engines, small household generator sets and garden machinery products, digital energy products, etc. In 2024, motorcycle production and sales ranked the top 2 in the industry, and the exports ranked first in the industry; motorcycle engine sales ranked the top of the industry, and general machinery export exchange ranked the top of the industry; the engine sales ranked the top of the industry. Strategic partnerships have been established with globally recognized companies such as BMW, TORO, and Cummins. It owns three independent brands: "LONCIN", "VOGE" and "BICOSE". The two brands "LONCIN" and "KINLON" are both well-known trademarks in China.

LONCIN is the first enterprise in the industry to pass the national safety technology exemption certification for motorcycles. LONCIN's technology center is a "National Enterprise Technology Center", and it has two "National Accredited Laboratories" and "National Industrial Design Center". It is also a "National Intellectual Property Demonstration Enterprise". LONCIN will continue to promote industrial upgrading, build the optimal manufacturing base for global high-end motorcycles and engines, and move towards intelligent, sustainable, and high-quality development.





History of Development

in 1993, the predecessor “Chongqing LONCIN Transportation Machinery” was established, and the first motorcycle engine was listed on the market.

in 1998, the first motorcycle was listed on the market.

in 2001, the first general-purpose gasoline engine was listed on the market.

in 2002, LONCIN motorcycle was recognized as a “Well-known Trademark in China”.

in 2004, LONCIN Motorcycle was awarded the title of “Famous Brand in China”.

in 2005, LONCIN started to cooperate with BMW in Germany, and the LONCIN technology center was recognized as “National Technology Center”.

in 2007, LONCIN passed the motorcycle national safety technology exemption certification.

in 2012, it was successfully listed on the Shanghai Stock Exchange.

in 2015, it signed a whole vehicle strategic cooperation agreement with BMW.

in 2018, it released its high-end brand for motorcycles, VOGÉ.

in 2021, New Vision·New Mission·New Values was released.

in 2022, the company launched the electric motorcycle brand “BICOSE” and released its first electric motorcycle, the Real5T.

in 2024, LONCIN's EP series of portable energy storage power supplies were launched in Amazon US, Europe and Japan, realizing the breakthrough of e-commerce channel sales. In December of the same year, LONCIN's controlling shareholders and actual controllers changed significantly, and the new shareholder structure brought new vitality and opportunities to the Company, opening a new chapter in the development of LONCIN.



ESG-Related Recognition

I
II
III
IV
V
VI



- ① In 2024, the Company was awarded the title of “National Green Factory” by the Ministry of Industry and Information Technology.
- ② In 2024, the Company was awarded the title of “The Listed Company with the Most Growth in Large Consumption” in the 14th China Listed Company Reputation Ranking.
- ③ In 2024, the Company was awarded the title of “2024 Listed Company with Growth Value” in the 9th Golden Sail Case of the 21st Century Capital Market.
- ④ In 2024, the Company was listed in the 2024 EDGE AWARDS Innovation Awards as a “Pioneer of the Year in Going Overseas”.
- ⑤ In 2024, the Company was honored as the “Best Listed Company in Investor Relation Management” in the 2024 EDGE AWARDS Innovation Awards.
- ⑥ In 2024, the portable energy storage power supply EP600 won a gold medal at the French Design Awards.
- ⑦ In 2024, the portable energy storage power supply EP600 won a platinum medal at the American Good Design Awards.
- ⑧ In 2024, the Company won the bronze award at the China Import and Export Fair.
- ⑨ In 2024, Chongqing top 100 enterprises, Chongqing top 100 private enterprises, Chongqing top 100 manufacturing enterprises, and Chongqing top 100 private manufacturing enterprises.

I
II
III
IV
V
VI

// Our mission:
Technology-focused,
Innovation-driven for
a Better Life

// Our vision:
A Leading Brand with a
Low-Carbon Power System
and Intelligent Products

// Our values:
Strengthening the Country Through
Industrial Development, Putting
the Customer First, and Achieving
Common Prosperity

// Our strategy:
Focus on “Motorcycle +
General Purpose Engine”
Business, “Bigger and
Stronger, More Specialized
and Thorough”.





Key Performance Indicators

ESG Key Performance Data

In 2024, the Company made significant achievements in a number of areas, including economic, environmental, social, and corporate governance, demonstrating its excellence and strong commitment to sustainable development.

Economic performance:

In 2024, the company realized an operating income of RMB **16.822** billion, an increase of **28.74%** compared with the same period last year and taxes paid of RMB **914,491,700**. Of these, the sales volume of the motorcycle business exceeded **1,823,000** units, representing a **30%** growth compared with the same period last year, and the export scale ranked first in the industry.

The Company's brand influence gradually increased and become apparent, and the growth rate of revenue from its brands is 1.8 times the growth rate of total revenue. In addition, the Company continued to optimize cost management and improve operational efficiency to ensure good economic benefits and shareholder returns (e.g., 7 new standard process compilations, 2 automated production line upgrades in the workshop, and an 8.28% increase in individual hourly efficiency).



Environmental performance:

In 2024, the Company's total annual water use amounted to **46,800** tons; greenhouse gas emissions of **155,300** tons of CO2 equivalent; saved a total of **33,463.54** liters of barreled and bottled water; the Company made full use of renewable energy photovoltaic power generation with a cumulative power generation capacity of 96.33 megawatt-hours, with a cumulative carbon emission reduction of **26.20** tons of CO2 equivalent; and recycled trays, wooden crates and plastic baskets amounting to **140,317**. The annual environmental protection investment was RMB **9,409,900**. The R&D personnel amounted to **1,594**. The annual R&D investment was RMB **534.53** million, and the number of new patents authorized in 2024 was **217**.



Social performance:

LONCIN is committed to building a diverse and inclusive work environment. By the end of 2024, **27%** of the Company's employees were female; the employee training reached **20,334** hours⁵, an increase of **20.33%** compared with the same period last year; and the employee health checkups reached **100%** coverage. The Company highly values consumer protection, customer relations, and the quality of its products and services, with **100%** complaints were resolved and **99.05%** customer satisfaction in 2024.



Corporate governance performance:

LONCIN has **219** Party members, accounting for 2% of the total number of employees, which not only reflects the high quality and high sense of responsibility of the Company's employees but also demonstrates the positive results of the Company's leadership in Party building and the corporate culture building. The Company's proposed cash dividends amounted to **RMB 821 million** in 2024, accounting for **73.26%** of the net profit attributable to shareholders of the listed company for the current year, and the cumulative cash dividends amounted to **RMB 3.996 billion**, accounting for **45.07%** of the cumulative net profit attributable to shareholders of the listed company, which provided investors with sustainable and stable returns on investment.



⁵ Notes:
Total training hours: 20,334 hours was the total number of training hours completed by all employees during the statistical cycle. Total Training Hours = Individual Training Hours * Number of Trainees.
Individual training hours: The individual training hours was 2 hours according to the statistics.
Scope of data: The above data covers all training programs during the statistical cycle, including online courses, offline centralized training, skills enhancement training, etc.



The Company actively practices the philosophy of sustainable development, closely integrates the development philosophies of environment, society and governance with the United Nations 2030 Sustainable Development Goals (SDGs), establishes multi-dimensional development goals, and continuously improves the overall ESG governance level to realize the goal of sustainable development.

Response to the United Nations SDGs

Our Actions

Fields



Technological Innovation
Green R&D
Operating in Compliance with the Law
Biodiversity Conservation

LONCIN's Sustainability Policy and Performance Data



Improvement of Environment Management System
Energy Management
Monitoring Pollutant Emissions
Use Clean Technologies
Creating a Factory with Landscape Gardening
Promoting Green Office
Green R&D
Operating in Compliance with the Law
Quality Management
Biodiversity Conservation

Environmental Initiatives for Green and Digital Development (E)



Sustainable Supply Chains
Customer Satisfaction Management
Employment Opportunity Equality
Employee Diversity
Enhancing Employee Communication
Perfect Training System
Upholding Intellectual Property Rights
Protecting Employee Benefits
Enhancing Stakeholder Engagement
Focusing on Employee Health and Safety
Assistance in Employment

Social Initiatives and Innovative Development (S)



Customer Satisfaction Management
Operating in Compliance with the Law
Optimizing the Management and Governance Structure
Ensuring Customer Information Security and Privacy

Compliance and Transparent Governance (G)



Industry Cooperation and Development
Improving Sustainable Development Goals

Deliberate Planning and Long-term Vision

Analysis of Material Topics



E	S	G
1 Carbon Emission	8 Product Quality and Safety	20 Sustainability/ESG Management
2 Toxic Emissions and Wastes	9 Employee Health and Safety	21 Operational Compliance
3 Use of Resources and Energy	10 Information Security and Privacy Protection	22 Risk Management Digital Transformation
4 Cleantech Opportunities	11 Innovative R&D	23 Business Ethics and Corporate Governance
5 Circular Economy	12 Intellectual Property Protection	24 Anti-corruption
6 Environment Management System	13 Supply Chain Management	25 Boosting National and Economic Development
7 Biodiversity Conservation	14 Customer Service	26 Leadership of Party Building
	15 Labor Management	27 Stakeholder Dialogue and Collaboration
	16 Employee Training and Development	
	17 Industry Cooperation	
	18 Rural Revitalization	
	19 Industry-University-Research Collaboration	

The analysis of material topics is fundamental to the preparation of the sustainability report. It plays a core role in accurately identifying and filtering out the key topics that companies need to focus on in their reports. This process not only anchors a clear and strategic course of action for the Company but also ensures the accuracy, relevance, and effectiveness of information disclosure of the sustainability report. The systematic assessment enables companies to focus on topics that have the most significant economic, environmental, and social impacts, thus providing stakeholders with more valuable information and demonstrating corporate responsibility in the field of sustainable development.

We continuously optimize the process of the analysis of ESG material topics, combining the expectations of stakeholders with the background of sustainable development, national conditions and policies, industry characteristics, and corporate strategies, and understand the importance of the impact of ESG topics on stakeholders through communication and interaction with internal and external stakeholders, and draw a matrix of material topics for management and information disclosure in the following two dimensions: “Materiality to Stakeholders” and “Materiality to LONCIN”. This matrix provides clear guidance so that we can focus more on advancing our sustainable development efforts and contributing to the harmonious coexistence of the economy, society, and the environment.

Engagement with Stakeholders

We highly value engagement with stakeholders and ensure information transparency a variety of channels available for two-way interaction. We identified key stakeholders, including government and regulatory agencies, shareholders and investors, employees, community residents, customers, and value chain partners, and kept communication with them to address their concerns.

Stakeholders	Government and Regulatory Agencies	Shareholders and Investors	Employees	Community Residents	Customer	Value Chain Partners	Public Welfare and Charity Organizations	Industry Association & Organizations	Media and Public
Expectations and Appeals	Compliance with Law and Regulations Operational Compliance Anti-corruption Driving Local Development Responding to National Strategies Environmental Protection	Shareholder Returns Disclosure of Information Risk Management and Control Corporate Governance Business Performance	Employee Rights and Interests Protection Employee Health and Safety Employee Training and Development Democratic Communication Remuneration and Benefits Employee Life Care Employee Diversity	Driving Local Economic Development Local Environmental Impacts from Production and Operations Community Service and Philanthropy	Information and Security Quality Customer Service Product Quality and Safety Product Qualified Rate Diversified Products After-sales Service Product Innovation	Transparent and Honest Cooperation Fair Trade Mutual Development Supply Chain Sustainability	Supporting Social Public Welfare Fulfilling Social Responsibilities	Fair Competition Promoting the Development of the Industry Technology and Experience Sharing Healthy and Harmonious Industry Development Environment	Service and Product Information Future Development Trends Corporate Social Responsibilities Financial Performance Openness and Transparency of Information
	Public Disclosure of Information Debriefing and Communication of Daily Operations Regulatory Assessment Reception of Visitors Green and Low Carbon Operation	Annual Reports and Periodic Information Releases Annual General Meeting Official Website Investor Relations Column Investor Hotline and Mailbox Investor Reception Day Performance Briefing	Employee Hotline Employee Representative Conference Employee Training Chairman Mailbox Staff Activities Support for Employees in Difficulty	Providing Jobs Organization of Public Welfare Activities Participation in Community Building Improvement of Local Infrastructure	Customer Feedback Collection Customer Satisfaction Survey Customer Complaint Hotline Customer Online and Offline Activities	Supplier Conference Supplier Review Bidding Meeting	Helping Rural Revitalization Organization of Public Welfare Activities	Industry Seminars Participating in the Compilation of Industry Standards Project Cooperation Exchanges and Learning	Official Website and WeChat Media Interviews and Cooperation Information Disclosure News Promotion
Responses									

02 Environmental Initiatives for Green and Digital Development



Green Intelligent Manufacturing and Low-carbon Production
Ecological Conservation and Responsible Contributions
Pioneering Efforts to Address Climate Change

Green Intelligent Manufacturing and Low-carbon Production

- I
- II
- III
- IV
- V



In proactively implementing the philosophy of green development and vigorously promoting the green transformation of industries, LONCIN stood out with the design of LONCIN Green Landscape Industrial Park, supported by the green development philosophies widely used in terms of product sustainability innovation, low-carbon operation of the industrial park, and ecological environmental protection of the industrial park, which became a model of green development in the industry.

The industrial park proactively built a green ecosystem, carried out large-scale afforestation and landscape greening projects, and the greening coverage rate reached more than 25%, which effectively improved the regional ecological environment. Driven by sustainable product innovation, LONCIN's Green Landscape Industrial Park design theme was underpinned by ecological protection, realizing the positive interaction between industrial development and ecological environmental protection.

the positive interaction between industrial development and ecological environmental protection



sustainable product innovation

ecological protection

| Green Landscape Industrial Park ⁶

6: The picture was from the “LONCIN People, LONCIN Events, LONCIN SPIRIT” photography competition organized by the Trade Union of LONCIN, and the picture was taken by LONCIN’s employees in the Company’s industrial park.

In terms of sustainable product innovation, LONCIN is committed to creating forward-looking and sustainable products.



Portable Energy Storage Power Supply EP600



The R&D of motorcycles and related parts in the industrial park has always adhered to the concept of green design to reduce the environmental impact of the whole life cycle of the products from the source. For example, in the R&D of motorcycle power systems, it has continuously explored energy-efficient technologies to improve fuel economy and reduce exhaust emissions and has actively promoted the R&D and innovation of electric motorcycles and hydrogen fuel cell motorcycles to take practical actions to help the green and low-carbon transformation of the transportation sector. In addition, we focus on the sustainable selection of product materials, giving priority to the use of recyclable and biodegradable materials in order to protect the performance of the product while minimizing the consumption of resources and the generation of waste. The Company's portable energy storage power supply EP600 won two awards in France and the U.S.: a golden award in the French Design Award and a platinum award in the American Good Design Award, which highlighted our international leadership in the field of green product innovation and design.

1. Digital Transformation Driven by Intelligent Manufacturing

I
II
III
IV
V
VI



Intelligent Production Workshop



LONCIN has constructed an advanced energy management system in the process of workshop digital intelligent upgrading. With the help of a large number of sensors, the system is able to collect real-time and accurate data on the energy consumption of various types of equipment in the workshop, covering a wide range of energy types such as electricity, heat, and water. Through in-depth analysis of these data, the energy management system can clearly show the distribution and trends of energy consumption. Based on our energy consumption, we will continue to adapt and implement targeted energy optimization strategies.



Wind Tunnel Test



By introducing an intelligent production scheduling system, the Company can effectively adjust resource allocation and improve production efficiency. In the production process, with the help of an intelligent production scheduling system, the reasonable distribution of production tasks and efficient operation of equipment are realized according to the order demand, equipment status, and raw material supply. By optimizing the production scheduling, the idle time of the equipment and the waiting time of the material are reduced, and the utilization rate of the equipment is improved. After the introduction of the intelligent production scheduling system, energy consumption is significantly reduced at the same production scale, thus effectively reducing carbon emissions in the production process.



The digital intelligent upgrading also provides strong support for LONCIN's green innovation in the product design and R&D stages. Using digital design tools and simulation & analysis software, the Company is able to accurately predict and optimize the carbon emissions of its products at the product design stage and at the factory stage to ensure that the motorcycles shipped from the factory comply with the relevant carbon emission standards. In the process of motorcycle engine design, the optimal design scheme is selected by simulating the combustion efficiency and exhaust emissions of the engine under different design schemes so as to improve fuel utilization and reduce exhaust emissions.



In addition, the Company uses wind tunnels to accurately simulate the motorcycles' interaction with the air while driving, helping designers to optimize the shape of the motorcycle. Through extensive testing and adjustments in the wind tunnels, the motorcycles can be made to have smoother body lines and less air resistance. This not only enhances the motorcycle's maneuvering performance and driving stability but also reduces fuel consumption and power loss and realizes the product's green innovation.



2.Clean Energy Application and Energy Conservation and Emission Reduction Technology Upgrade



In response to the global promotion of green development and sustainable development, LONCIN is proactively engaged in the application of clean energy and the upgrading of energy-saving and emission reduction technologies, which is not only an inevitable choice to comply with the trend of the times, but also a key approach to realizing its long-term development. We proactively respond to the national strategy of “Carbon Peaking and Carbon Neutrality”, accelerate the transformation of energy-saving travel and energy-saving manufacturing, strengthen the upgrading of energy-saving and emission reduction technologies, and make every effort to improve the energy efficiency of traditional drive technologies.

Green Transportation Products

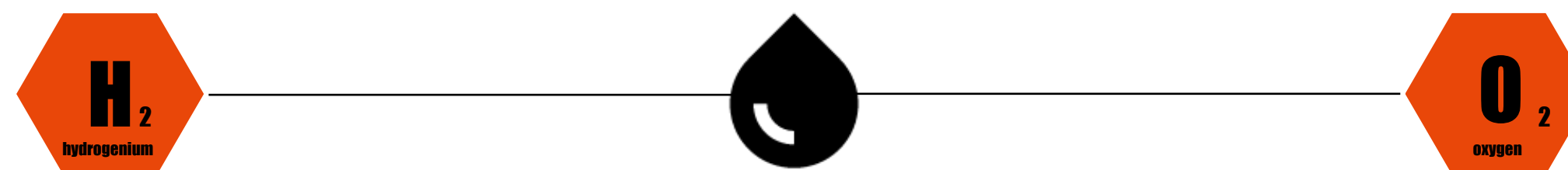


LONCIN believes that new energy, digitalization, and recycling sustainability are the future of transportation and general machinery. To this end, LONCIN adheres to the philosophy of sustainable development, continuously optimizes its product mix, and develops new energy, digital, and intelligent products. With a diversified and powerful mix of new energy products, LONCIN demonstrates its resolve to transition to a low-carbon future. By the end of 2024, we successfully launched the XWOLF EV10, an innovative electric ATV product, the EF40X, a new all-electric motorcycle positioned for off-road use on forest roads, and the EC15/30, a new all-electric model positioned for individual urban commuting, as well as developing emerging technologies such as hydrogen fuel cells.

Hydrogen energy products

While actively upholding the concept of green development and promoting energy transformation, LONCIN makes robust investments in the research, development, and application of hydrogen energy products, securing its distinctive advantages in environmental protection endeavours and providing strong support for the green transformation of the industry.

The hydrogen energy products produced by LONCIN boast of the core technology, highlighting the efficient utilization of hydrogen fuel cells. The products solely use hydrogen and oxygen as raw materials in operation and generate electricity through an electrochemical reaction to power the equipment, which achieves zero carbon emission in earnest as the process emits only water. Different from traditional fuel-powered products, these products have fundamentally eliminated the emission of massive greenhouse gases produced by burning fossil fuels, such as carbon dioxide, nitrogen oxides, particulate matters, and other pollutants, thus mitigating atmospheric pollution by a large margin.



In terms of technology innovation, LONCIN is a pioneer in the thermal partition design of an entire vehicle that has been applied to hydrogen fuel-cell all-terrain vehicles, among others. This technology significantly improves the performance of hydrogen fuel cells and the specific power of an electric pile passed the 2.2kw/kg mark, which ensures efficient energy conversion and use along with the extended endurance mileage and the augmented stability and reliability of the products in practical application.

The successful research, development, and application of electric and hydrogen energy products are of great significance to advance the related industries toward green and low-carbon development. It has not only provided clean, efficient power solutions for various fields but played a pioneering and leading role in transportation, industrial operations, among others, driving the industry to accelerate the green energy transition.

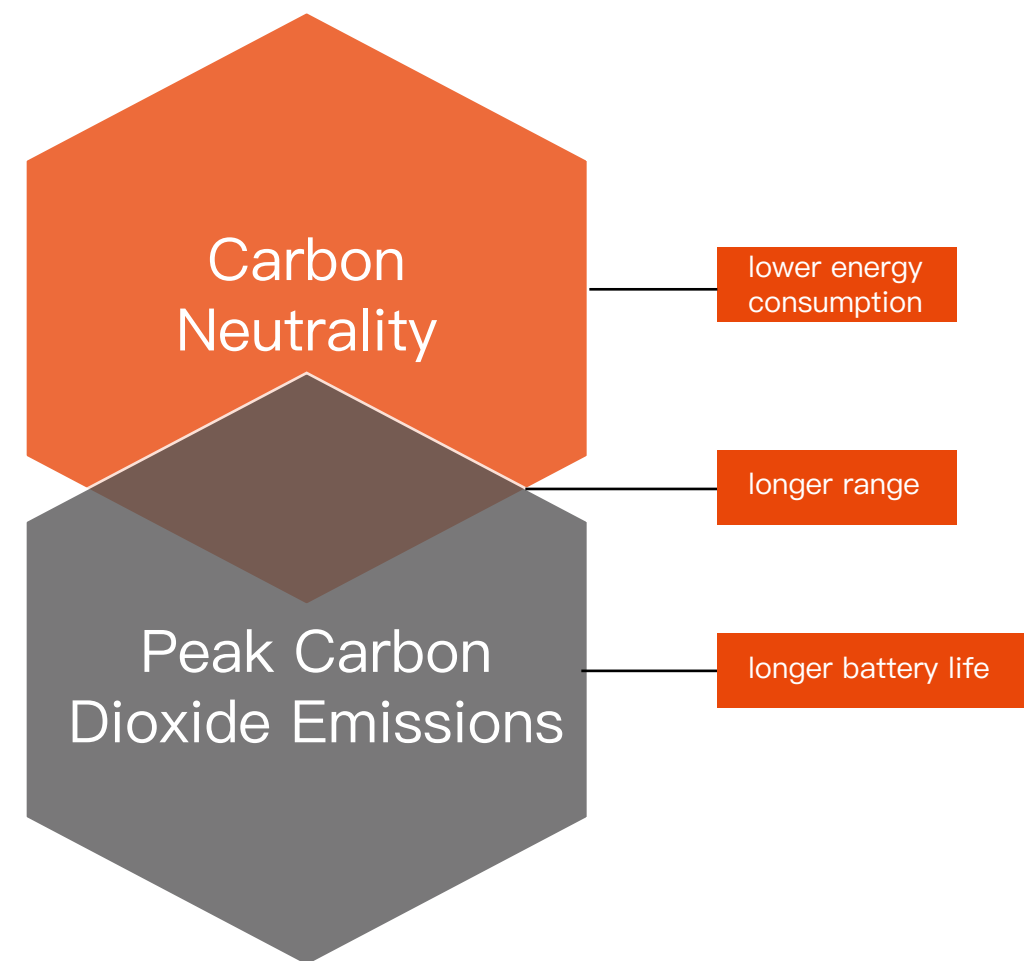


Hydrogen Fuel-Cell All-Terrain Vehicles

I
II
III
IV
V
VI

Electric energy products

LONCIN actively reduces the carbon footprint of its products through electric energy technology innovation and is committed to providing green and environmentally friendly products and services to actively respond to climate change. In addition, in response to the national “Carbon Peaking and Carbon Neutrality” goals, we continue to improve the performance of electric energy products, focusing on research and development of products with lower energy consumption, longer range, and longer battery life to implement the philosophy of green environment protection and revolutionary technological innovations and create a better future of green transportation for consumers.



XWOLF EV10 Electric ATV

LONCIN has continued to strengthen its technical research and product development in electric energy products by centering on the brand positioning of electric, playful locomotives. We have developed the XWOLF EV10 electric ATV, which is equipped with an automotive-grade 291V high-voltage platform and a high energy density, high discharge multiplier ternary lithium pouch cell 14.5kWh, which realizes a fast charging capability with a full charging time of 2–3 hours. Ensure efficient energy use, strong power, long range, and continuous working capability of the vehicle. The XWOLF EV10 electric ATV produces no direct carbon emissions during operation, eliminating carbon dioxide emissions from fuel combustion at the source. This is not only in line with the urgent global demand for environmental protection and sustainable development but also a practical action to contribute to the achievement of China's “Carbon Peaking and Carbon Neutrality” goals. With its outstanding advantage of zero exhaust emissions, it plays a positive role in reducing greenhouse gas emissions and improving air quality, and it provides a green travel mode for the majority of off-road enthusiasts.

The introduction of the XWOLF EV10 electric ATV, EF40X, EC15/30, and other models has set a new benchmark for the electric off-road motorcycle industry with their advanced technology and excellent performance. Its green and environmentally friendly characteristics are in line with the national “Carbon Peaking and Carbon Neutrality” strategic goals, which is of great significance in promoting the popularization of green travel and energy saving and emission reduction in the field of transportation.

- no direct carbon emissions
- eliminating carbon dioxide emissions from fuel combustion at the source
- reducing greenhouse gas emissions
- improving air quality

2) Energy Conservation and Emission Reduction Technology Upgrade

Energy-efficient transportation

Not only does LONCIN provides new energy vehicles, but it is also committed to optimizing the efficiency of traditional fuels through technological innovation and sustainable development. With regard to traditional fuel vehicles and general machinery, LONCIN makes every endeavour to develop energy conservation and emission reduction technologies in an effort to reduce carbon emissions and realize the value of every drop of fuel. The resounding success is attributable to our unwavering pursuit of and firm commitment to energy conservation, emission reduction, and sustainable development. While creating the unique pleasure of driving, LONCIN dedicates itself to energy conservation and consumption reduction and, by doing this, undertakes more responsibilities for the environment and society.

In recent years, with the increasing awareness of environmental protection and the gradual adjustment of the energy mix, greater importance is attached to the application of energy conservation and emission reduction in general machinery manufacturing. To achieve energy conservation and emission reduction technology upgrade, LONCIN raises the utilization rate of fuels and reduced exhaust emissions by optimizing the engine combustion technology so that the engine can accommodate different working conditions with the best combustion to effectively cut down fuel consumption and exhaust emissions. In the meantime, lightweight design is also one of the important approaches to energy conservation and emission reduction. Applying new materials, such as aluminum alloy and carbon fiber, makes the whole body of a motorcycle lighter to reduce energy consumption while driving, thereby accomplishing the goal of energy conservation and emission reduction.

Moreover, we roll out the SR150GT H model of the first mass-produced hybrid scooter in China deemed to be a breakthrough in energy conservation and emission reduction of motorcycles. The V-HEV hybrid technology platform entailed in the model is a brand-new power unit produced by the Company based on the automotive-grade 48V hybrid architecture and by reference to multiple exclusive technology patents, enabling users to experience powerful impetus and realize energy conservation and consumption reduction in driving.



SR150GT H Model of the First Mass-Produced Hybrid Scooter in China



SR150GT H Model of the First Mass-Produced Hybrid Scooter in China

The power platform applies the WMTC circulation system and two energy recovery modes using braking force and downhill coasting to realize energy conservation and consumption reduction.

Compared with traditional power platforms, its performance increases by 20% within the range of 0–60km/h and 25% within the range of 30–70km/h. ↗

In the charging process, the model comprehensively improves charging efficiency by controlling the three-phase bridge circuit, with charging and discharging efficiency rising to 98% and charging losses as low as 5%. ↗

In the sector of traditional fuel engines, LONCIN launches the first mass-produced engine using the electric fuel injection system, such as the LC series of general-purpose engine products

with a decrease of 20% in fuel consumption and the air-fuel ratio in a carburetor, a reduction of 90% in carbon monoxide emissions, and an increase of 5% in engine power. ↗

As for the electric injection force, the products use porous injectors to prevent the formation of oil films and ensure complete combustion resulting in reduced emissions, hazardous gas emissions in particular, with the support of a controllable digital ignition system.

2) Energy Conservation and Emission Reduction Technology Upgrade

Energy-efficient manufacturing

Furthermore, LONCIN prioritizes energy conservation and emission reduction in the production process. A package of measures is put in place to reduce energy consumption and pollutant emissions during production through upgraded production process, energy-efficient equipment, and reinforced energy management. The introduction of an intelligent production system helps realize automation and delicacy management of the production process, improve production efficiency, and reduce energy waste and environmental pollution.



2024年迎峰度夏节约用电倡议书

公司各部、技术中心、各事业部、各公司：
 根据重庆市气象局预报，2024年从7月中下旬开始，大部地区将出现37度及以上气象干旱，全市电力保供面临极为严峻的挑战。为减轻今年迎峰度夏电力供应压力，最大限度降低电力供应紧张对生产生活的影响，为配合做好2024年迎峰度夏期间电力保供工作，确保负荷管理工作准备充分、科学实施、规范执行，我们倡议全体员工行动起来，共同做好节约用电工作。

一、牢固树立节能降碳意识，从节约一度电、一滴水、一张纸的点滴小事做起，自觉养成良好习惯。

二、各生产单位做好生产计划及时调整生产班次，进行错峰生产；生产结束后及时关闭设备，避免设备空载运行，减少非生产、非必需用电，缓解高峰时段供电压力。

三、办公区及公共场所照明，尽量采用自然光，少开照明灯；做到人走灯关，坚决杜绝长明灯，减少复印机、传真机等办公装置电耗和待机耗电，对停用的办公室装置，必须关闭装置电源。低层办公场所尽量减少电梯使用

四、科学使用空调，各区域严格执行空调制冷温度设置不低于27℃，使用空调时，应注意关闭门窗，拉下遮阳窗帘。下班时要提前30分钟关闭空调。空调在不使用的时候，要将插头拔掉。

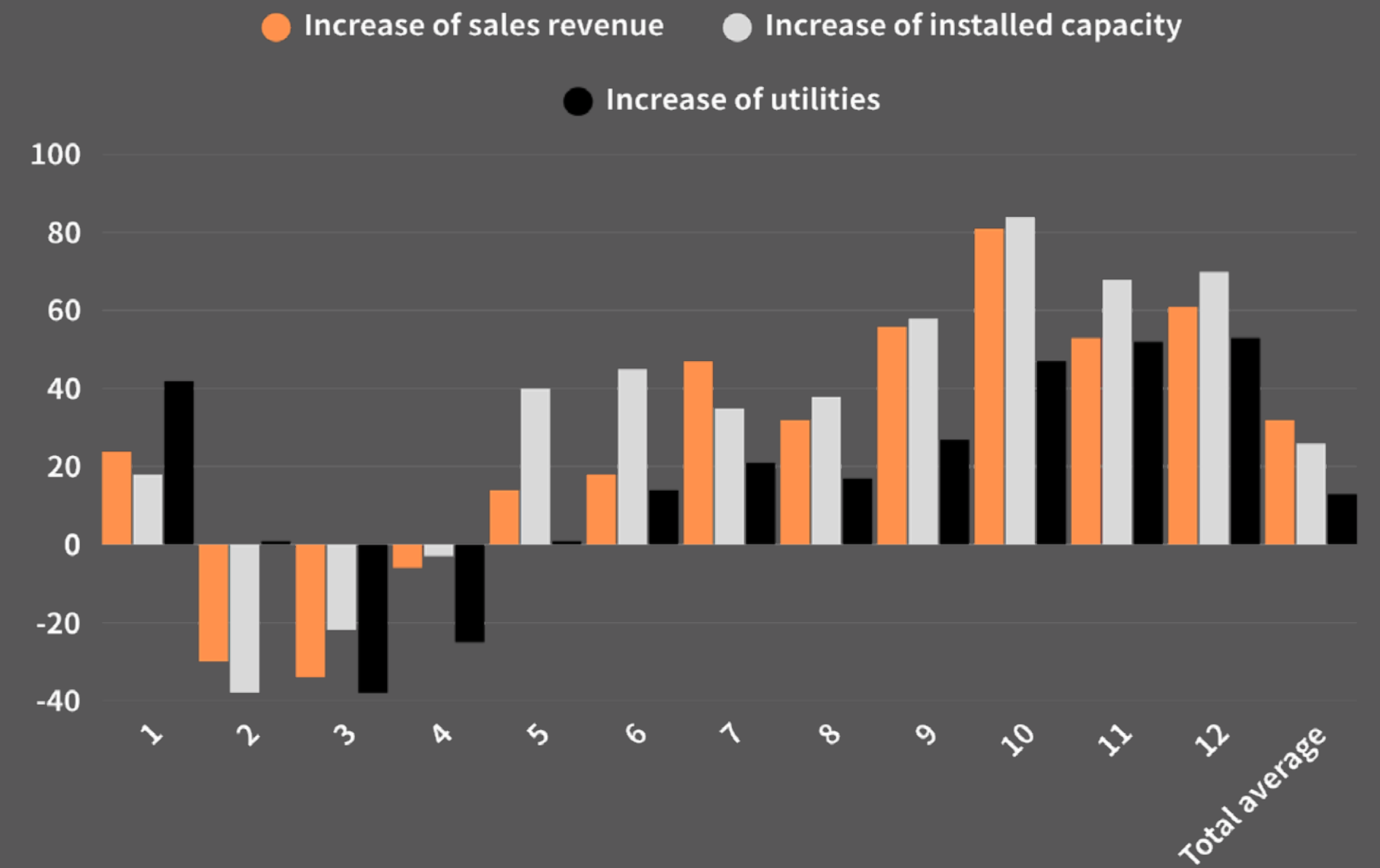
五、住宿舍人员离开宿舍检查所有照明、电脑、空调、电视等其他电器是否已关闭并拔掉电源插座，做到“人走灯灭，人离机关”。节约用电、人人有责，电力安全正常运行与我们生产、生活息息相关，为保证我们安全、可靠的用电环境，让我们积极行动起来，齐心协力，共同应对当前供电紧张的局面，共同克服迎峰度夏期间供电紧张困难，度过一个绿色、清凉的夏天，为完成2024年迎峰度夏做出应有的贡献。

装备部
2024年7月

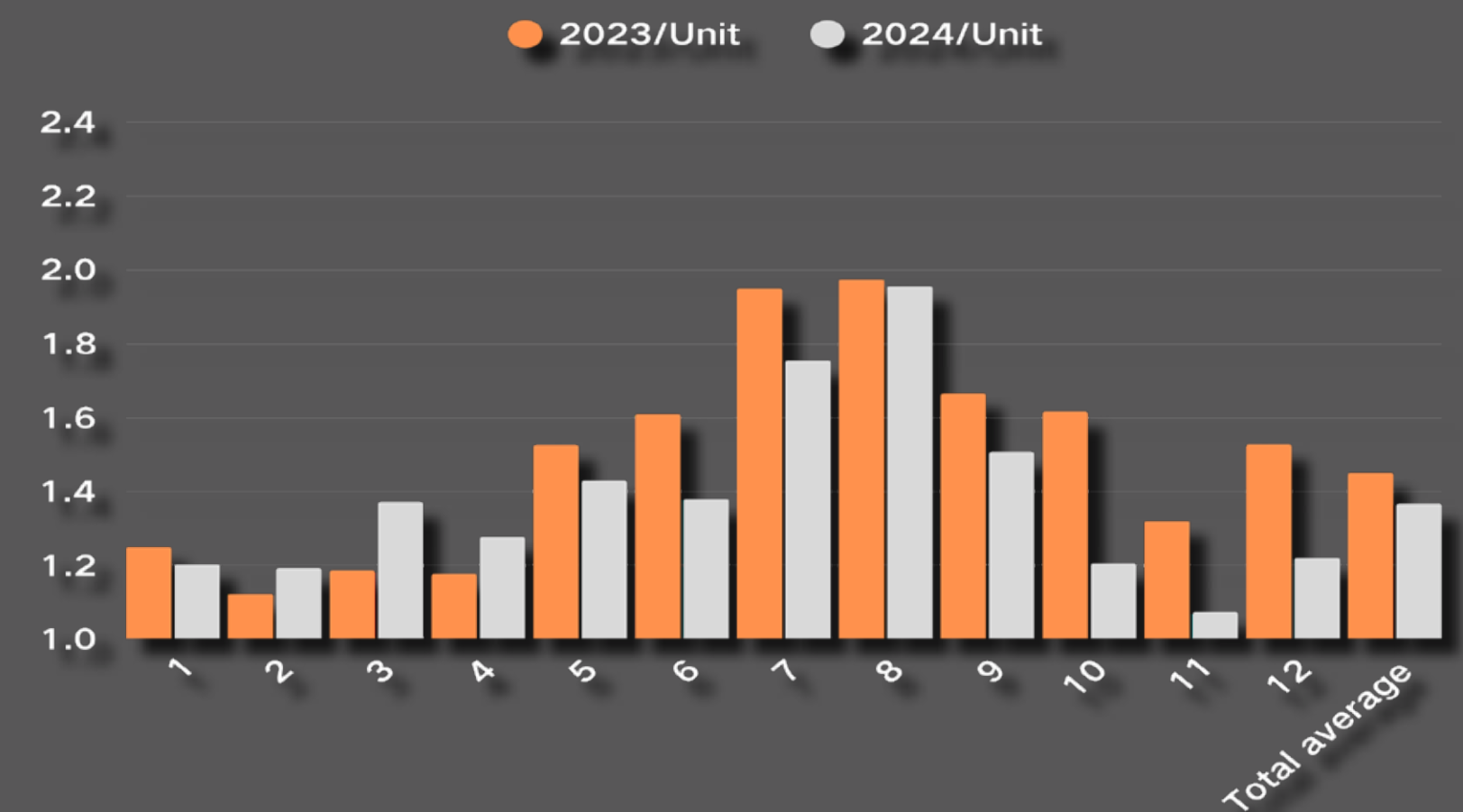
July 2024 saw an extremely severe challenge in the electricity supply guarantee in Chongqing. In order to mitigate this situation, LONCIN issued the *Electricity Saving Initiative for a Smooth Transition to 2024 Summer Electricity Consumption Peak* with a view to calling upon all employees to save electricity and alleviating the strong demand for public electricity.

As part of these efforts, electricity-saving posters were displayed in the factory to advocate for conserving electricity, and slogans pertaining to “Zero-Waste Factory” created in 2024 were posted for publicity in Zone B of the factory.

The Company promotes green product design and creates a green supply chain through the stringent control of those projects featuring higher energy consumption and more emissions. All departments (workshops) are engaged in clean and energy efficient production to conserve raw and auxiliary materials from the source and reduce energy consumption from the root, with the production process and equipment with lower energy consumption and fewer industrial waste emissions adopted on the premise of assuring product quality and production efficiency, thereby achieving better results in energy conservation and cost reduction.



The following is a comparison of the increases in sales revenue, installed capacity, and energy consumption expenses in the same period of 2024 and 2023. By comparison, the increase of utilities was less than that of sales volume, and the increases of total sales, installed capacity, and utilities were 32.02%, 26.41%, and 12.51%, respectively, for the period from January to December. Overall, the increase of utilities was lower than that of installed capacity, meaning that effective energy conservation was achieved in the production process.



The following is a comparison of the electricity consumption for manufacturing a single product between January and December 2024 with the same period in 2023. By comparison, the average electricity consumption for manufacturing a single product was 1.368kWh in 2024, a year-on-year decrease of 0.083kWh as compared with 1.451kWh in 2023, and the energy consumption for manufacturing a single product reduced by 5.7%.

3.Practices of Green Factory and Circular Economy

Green development is fundamental to the high-quality development of enterprises and also the key to sustainable growth of economy and society. LONCIN has always adhered to the corporate vision of “A Leading Brand with a Low-Carbon Power System and Intelligent Products”. On the one hand, LONCIN makes continuous efforts to improve product quality and innovate technologies and commits itself to providing consumers with products of excellent quality and high performance with a great sense of responsibility and mission; on the other hand, LONCIN builds a profound understanding of the great significance of green development, incorporates the concept of sustainable development into enterprise operation and management on all fronts and at all levels, and performs its corporate social responsibility in real earnest.

In the course of the production process, LONCIN proactively responds to the national call for energy conservation and emission reduction, vigorously promotes the application of advanced technologies in that regard, and optimizes the production process in an all-round way, to effectively improve the efficiency of energy use and reduce waste emissions by a large margin. Thanks to a host of practical and effective initiatives, we demonstrate the concept of the green factory with practical actions, set a good example for the sustainable development of the industry, and make positive contributions to the green transformation of the economy and society.

1) “National Green Factory”

The manufacturing industry is now at the critical juncture of the green and low-carbon transformation, wherein the “National Green Factory”, as a pacesetter, plays a fundamental and guiding role of prime importance. This honorary title bears testimony to the work we have done in core areas such as intensive land use and green logistics, as well as our high standards and comprehensive strength in terms of green manufacturing to be an industry leader.



Intensive land use

On the way to energetically promote green development and actively build the “National Green Factory”, intensive land use holds extreme significance and has a deep positive impact on the construction of green factories in various aspects. For this reason, LONCIN redoubles efforts to push forward the construction of U-shaped production lines in production workshops.

The move is taken to optimize equipment layout by adopting the U-shaped production lines to realize tight equipment connection among various production processes, which can shorten the transportation distance between processes, avoid great space being occupied by long-distance transportation channels as a result of the traditional linear layout, thus improving the space utilization of the factory and saving land area. For example, the equipment for the frame welding, components and parts assembly, and other processes is arranged in a U-shape, bringing about an efficient flow of materials and semi-finished products between processes and eliminating the need to reserve a wide transportation channel. By doing this, additional space is reserved for personnel activities, as the U-shape production line facilitates the realization of one-person-multiple-machine operation, allowing one worker to simultaneously operate multiple equipment in the production line area. This not only reduces the walking distance of personnel but also releases more space as necessary for scattered working areas, thus lowering the requirement for factory size.

From the perspective of efficient resource utilization, intensive land use can remarkably improve the utilization rate of land resources. The “National Green Factory” is constructed through rational planning and layout, compact workshop design, scientific planning of functional zoning, and compact layout of various links such as components and parts processing and complete vehicle assembly. Through these efforts, space redundancy is reduced as much as possible in the production process so that limited land can accommodate more production activities to maximize land value, which aligns with the core requirements for efficient resource utilization in green development.

2) “Zero-Waste Factory” in Chongqing

While the concept of green development is firmly upheld and ecological civilization is fostered at the same time, active efforts are made to facilitate the construction of “Zero-Waste City” in Chongqing. “Zero-Waste Factory”, as its important component, has strict requirements for enterprises in terms of comprehensive utilization of resources, waste minimization, and harmless treatment.

In active response to relevant policies of Chongqing, LONCIN takes the initiative to apply for “Zero-Waste Factory”. As a support, it sets great store by the application process through the establishment of a leadership group tasked with the creation of a “Zero-Waste Factory”, and scientific organization and planning. In the production and operating practice, our company vigorously innovates the green production process to cut down the generation of wastes from the source. The introduction of advanced production equipment and technology facilitates delicate management of raw materials and effective reduction of materials loss in the production process.

Additionally, LONCIN advances the development of greener production process in full strength. The introduction of advanced intelligent manufacturing technology and automation equipment has helped realize precise control of the production process, effectively reducing the loss of raw materials. During the processing of components and parts, high-precision processing equipment and optimized process flow has improved the utilization rate of materials and cut down the generation of waste materials. The Company has also proactively explored the application of new materials and prioritized the use of recyclable and biodegradable environmentally friendly materials to cut down the generation of wastes from the source.

LONCIN also develops a full-fledged resource recycling system for waste treatment. The industrial solid waste, hazardous waste, domestic waste, and other wastes generated in the production process are collected by category and treated appropriately. The high-value recycling of wastes has been achieved by cooperating with professional recycling enterprises and setting up oil filters. In the meantime, LONCIN is active in researching the harmless treatment of wastes to ensure that all types of wastes have no negative impact on the environment.

Indicator	FY2024 data	FY2023 data	FY2022 data	Unit
Total general solid waste	448.81	189	195	Tons
Emission intensity of general solid waste	0.03	0.01	0.02	Tons/RMB Million in Revenue
Total recycling of general solid waste	448.81	189	195	Tons
Total emission of hazardous waste	4,630.25	487.99	421.77	Tons
Emission intensity of hazardous waste	0.28	0.03	0.04	Tons/RMB Million in Revenue

In terms of energy, the Company develops a complete resource recycling industry chain to convert the wastes in the production process into reusable resources. A wastewater treatment system is put in place in the production workshop for the advanced treatment of wastewater generated in the production process, which realizes the recycling of water resources and significantly reduces the consumption of water resources. The Company further utilizes waste heat recovery technology to recycle the waste heat generated in the production process for heating or power generation, thereby improving the comprehensive utilization efficiency of energy.

LONCIN's achievement in building the “Zero-Waste Factory” is not only reflected in energy conservation, emission reduction, and efficient utilization of resources within the enterprise but sets a positive example for the green development of the industry. We are ready to share our construction experience and promote the construction of a green supply chain with upstream and downstream enterprises with an aim to advance the green transformation of the entire industry by driving the upstream and downstream enterprises of the industrial chain to strengthen waste management and resource recycling.



Ecological Conservation and Responsible Contributions

II
III
IV
V
VI

940.99 RMB Ten Thousand
Investment in environmental protection

To act on Xi Jinping Thought on Ecological Civilization and comprehensively implementing the national decisions and plans of great significance on strengthening ecological conservation and promoting biodiversity conservation, LONCIN displays a strong sense of social responsibility, actively engages in the cause of ecological conservation, and deepens the integration of the ecological conservation concept into the whole process of the enterprise's development strategy and production and operation, so as to make contributions to protecting lush mountains and lucid waters and achieving harmony between humankind and nature.

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 wastes and volatile organic compounds, etc. In 2024, we invested a total of RMB 9,409,900 in environmental protection, an increase of 6.9% compared with 2023.

Indicator	Investment in environmental protection	Unit
Investment in environmental protection in FY2024	940.99	RMB Ten Thousand
Investment in environmental protection in FY2023	880.00	RMB Ten Thousand
Investment in environmental protection in FY2022	140.00	RMB Ten Thousand

1.GHG Management Initiatives and Results

1) GHG Emission Reduction Targets

For the present, the Company has been promoting energy conservation and carbon reduction in an orderly manner and adopting a series of measures to support the achievement of carbon reduction targets in an effort to realize the harmonious coexistence of sustainable development of the enterprise and ecological environment. It plays an active role in leading the industry to achieve sustainable development with high quality, wholeheartedly supporting the national “3060 Carbon Peaking and Carbon Neutrality Strategy” and striving to achieve carbon neutrality by 2058. It also strives to significantly reduce Scope 1 and Scope 2 GHG emissions in the production and operation process and mitigate the adverse impact on the climate and environment.

2) GHG Management Systems

Indicator	FY2024 data	Unit
Accounting for the average carbon footprint of products	424.72 ⁷	Kilograms of CO2 equivalent
GHG emissions (Scope 1)	18,932.44 ⁸	Tons of CO2 equivalent
GHG emissions (Scope 2)	136,348.10 ⁹	Tons of CO2 equivalent

3) GHG Management Systems

In order to further reduce greenhouse gas emissions and strengthen greenhouse gas management, LONCIN strictly abides by the *Environmental Protection Law of the People's Republic of China* and other regulations. In addition, we formulate targeted 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*.

4) GHG Emission Reduction Measures

To improve energy efficiency, we introduce an advanced energy management mechanism with smart meters, sensors, and control equipment installed to monitor energy consumption in the production process in real time. Based on the collected data, we analyze the energy use in an in-depth manner, identify high energy-consuming links and equipment, and then optimize the approaches to energy distribution and use. On the production line, energy is supplied precisely according to the actual needs of different processes to avoid energy waste, thereby improving the overall energy efficiency.

We advocate for low-carbon office by encouraging our employees to adopt double-sided printing, reduce paper use, and implement other possible measures to reduce resource consumption throughout the work. As a complement, we promote the use of energy-efficient home appliances and 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 accordingly. Furthermore, our employees are motivated to purchase electric vehicles instead of fuel vehicles for commuting to reduce carbon emissions on the way to work.

In 2024, the number of electric vehicles held by employees was 387, an increase of 101% compared with 2023, while the number of fuel vehicles held by employees only increased by 28% during the same period, resulting in a significant decrease in carbon emissions from employee commuting.

Indicator	Vehicle holdings	Unit	Increase
Holdings of electric vehicles among employees in 2024	387	Vehicle	101%
Holdings of electric vehicles among employees in 2023	193	Vehicle	
Holdings of fuel vehicles among employees in 2024	3,152	Vehicle	28%
Holdings of fuel vehicles among employees in 2023	2,456	Vehicle	

⁷ For the product life cycle assessment, select the average raw material usage amount for the production of a single product, adopt Green Delta's "Open LCA" software, the standards in IPCC Guidelines for National Greenhouse Gas Inventories, and the "ReCiPe 2016 Midpoint (H)" calculation method.

⁸ Scope 1 GHG emissions = Total GHG from annual consumption of natural gas used for production + Total GHG from annual consumption of diesel fuel used for production + Total GHG from annual consumption of gasoline used for production, with reference to the emission factors from the data source: GHG Emission Database (<https://data.ncsc.org.cn>).

⁹ GHG emissions of Scope 2 = Total GHG from total annually purchased natural gas + Total GHG from total annually purchased electricity, with reference to the emission factors from the data source: GHG Emission Database (<https://data.ncsc.org.cn>), the Ministry of Ecology and Environment's "Carbon Footprint Factor Data for Electricity in 2023".

2. Water Management Initiatives and Results



1) Water Management Objectives

To better conserve water resources, LONCIN has improved the efficiency of water resources and raised the awareness of water conservation among employees. A wide range of effective measures are taken, for example, reducing water consumption and wastewater discharge aiming at the sustainable development of the Company. Meanwhile, it plays a due role in performing social responsibilities and making contributions to the protection of water resources and the environment.

2) Water Management-Related Data

Indicator	FY2024 data	FY2023 data	FY2022 data	Unit
Total water consumption	114.76	99.44	98.80	Ten Thousand Tons
Density of water consumption	0.01	0.76	0.80	Tons/RMB Ten Thousand in Revenue
Total wastewater generated	50.03	56.10	39.48	Ten Thousand Tons
Intensity of wastewater discharge	0.003	0.43	0.32	Tons/RMB Ten Thousand in Revenue

3) Water Conservation Measures

To achieve the goal of conserving water resources and improving the efficiency of water resources, LONCIN creates a strong atmosphere for all to participate in water conservation by carrying out water conservation publicity activities to see that the awareness of water conservation is deeply implanted in the minds of everyone, and water conservation actions are transformed into employees' conscious behaviours in real earnest. Besides, we actively innovate technologies, introduce advanced water conservation processes and equipment, and further optimize the water use of the production process.

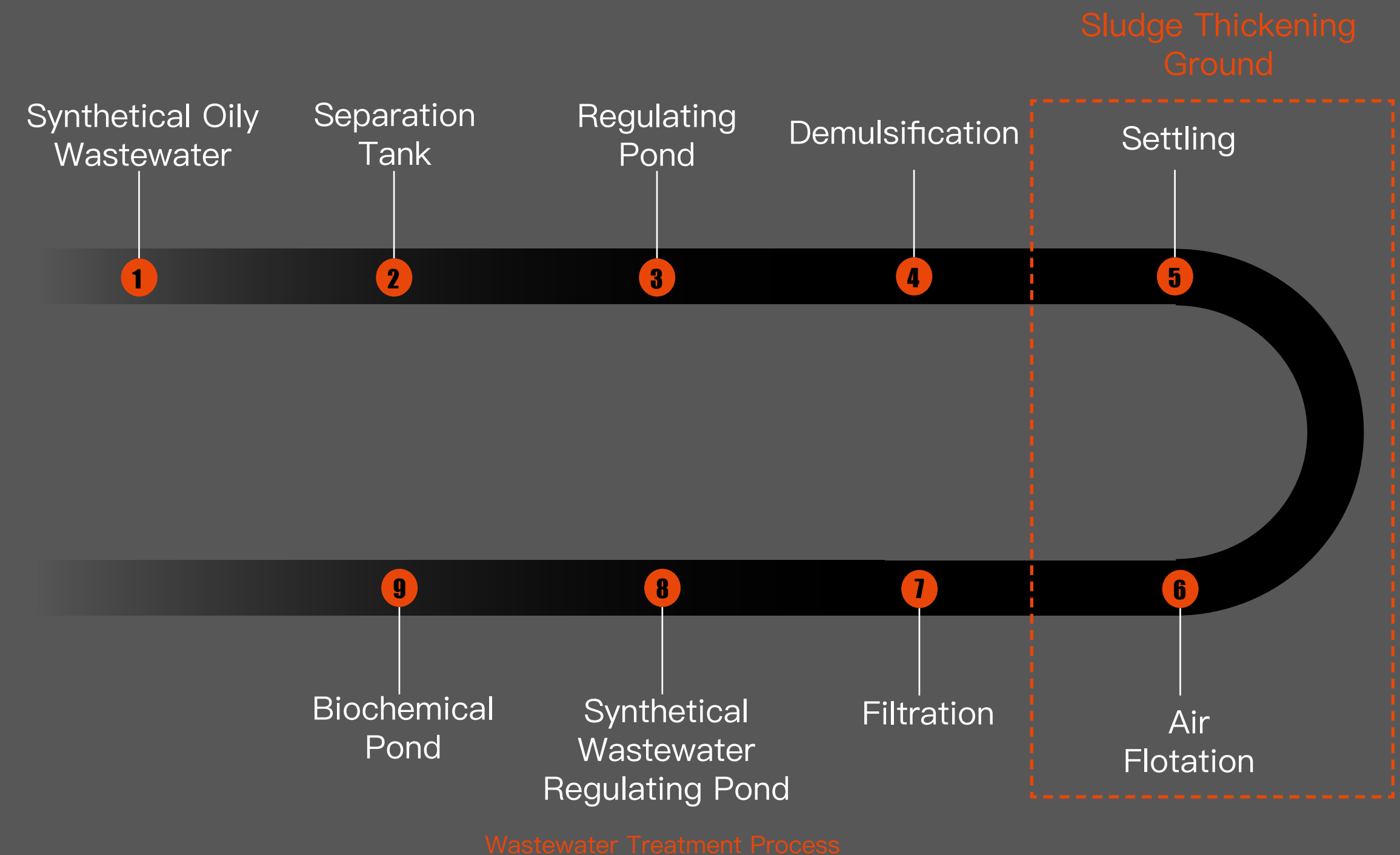
4) Water Management Systems

To fulfil water conservation goals, intensify water management, and implement wastewater treatment processes, LONCIN strictly complies with 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*, among other laws and regulations. In addition, we have formulated targeted internal systems such as the *Wastewater, Waste Gas, and Solid Waste Management Measures*, the *Drinking Water Management Measures*, and the *Wastewater Discharge Management Measures*.

5) Wastewater Discharge Reduction Measures

Wastewater resulting from various production processes in the factory, including demoulding wastewater generated in the die-casting workshop, cleaning wastewater in the painting workshop, emulsification wastewater in the machining workshop, and oily wastewater generated in the engine performance test, together with domestic effluents, are all collected in a comprehensive manner through the well-established effluent pipeline system. Afterward, all the wastewater is transported to the wastewater treatment station in the factory.

The wastewater treatment station is equipped with advanced treatment facilities for the advanced treatment of various types of wastewater, with the capacity to treat 150 tons of wastewater per hour in full-power operation. The treated wastewater can be discharged into the effluent pipeline network of the industrial park only after reaching the Tier 3 discharge standard, thus effectively reducing the impact on the environment. In 2024, the Company generated 500,300 tons of wastewater, a decrease of 11% compared with 2023, and reused 46,800 tons of recycled water in the effluent treatment station, with a water reuse rate of 9.4%.



3. Energy Management Initiatives and Energy-Efficient Technology Achievements



1) Energy Management Objectives

LONCIN is a faithful champion for the national strategic policies on energy conservation, emission reduction, and green development, as it proactively responds to the national call, takes energy conservation as a strategy of great significance for enterprise development, and makes every effort to accelerate the formulation and implementation of energy conservation targets with a strong sense of social responsibility and mission.

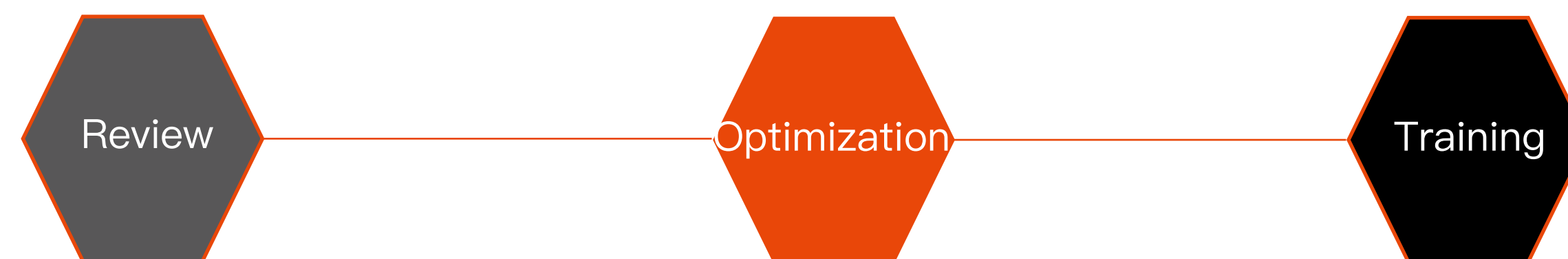
2) Energy-Related Data

To further fulfil energy conservation and carbon reduction targets and tasks set out in the “14th Five-Year Plan” and secure solid progress in energy conservation and carbon reduction, the Company adopts a number of effective energy conservation and emission reduction measures. Thanks to the support of many other parties, it made outstanding achievements in 2024, and the energy consumption data in 2024 were as follows:

Indicator type	Indicator	FY2024 data	FY2023 data	FY2022 data	Unit
Electrical energy	Purchased electricity	12,636.45	10,686.08	8,867.00	Ten Thousand Kilowatt Hours
	Intensity of electricity consumption	0.008	81.78	71.45	Kilowatt Hours/RMB Ten Thousand in Revenue
Gas	Gas consumption	861.48	686.8	654.57	Ten Thousand Cubic Meters
	Intensity of gas consumption	0.0005	5.26	5.27	Cubic meter/RMB Ten Thousand in Revenue

3) Energy Management Systems

To further make energy management standard 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 for the present. Moreover, the Company's Energy Efficient Production Leadership Group gives 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.



4) Energy Management Measures

To achieve more efficient energy management, the Company conducts regular energy efficiency inspections of workshops, formulates plans for updating and replacing high energy-consuming equipment, examines and rectifies the waste of resources in the production process of the factory, and optimizes the effect of energy efficient production of the enterprise. Meanwhile, relevant education and training courses are held to train and teach new employees about the management of energy-efficient production, enabling front-line production employees to deepen their understanding of energy-efficient production and build up their awareness of energy efficiency.

4. Biodiversity Conservation



1) Objectives of Biodiversity Conservation

In active response to the national biodiversity conservation strategy, LONCIN has thoroughly recognized the significance of biodiversity conservation for maintaining ecological balance and promoting sustainable development and put biodiversity conservation on the corporate development agenda of great importance. A wide range of measures are taken to advance the further development of biodiversity conservation.

2) Biodiversity Conservation-Related Data

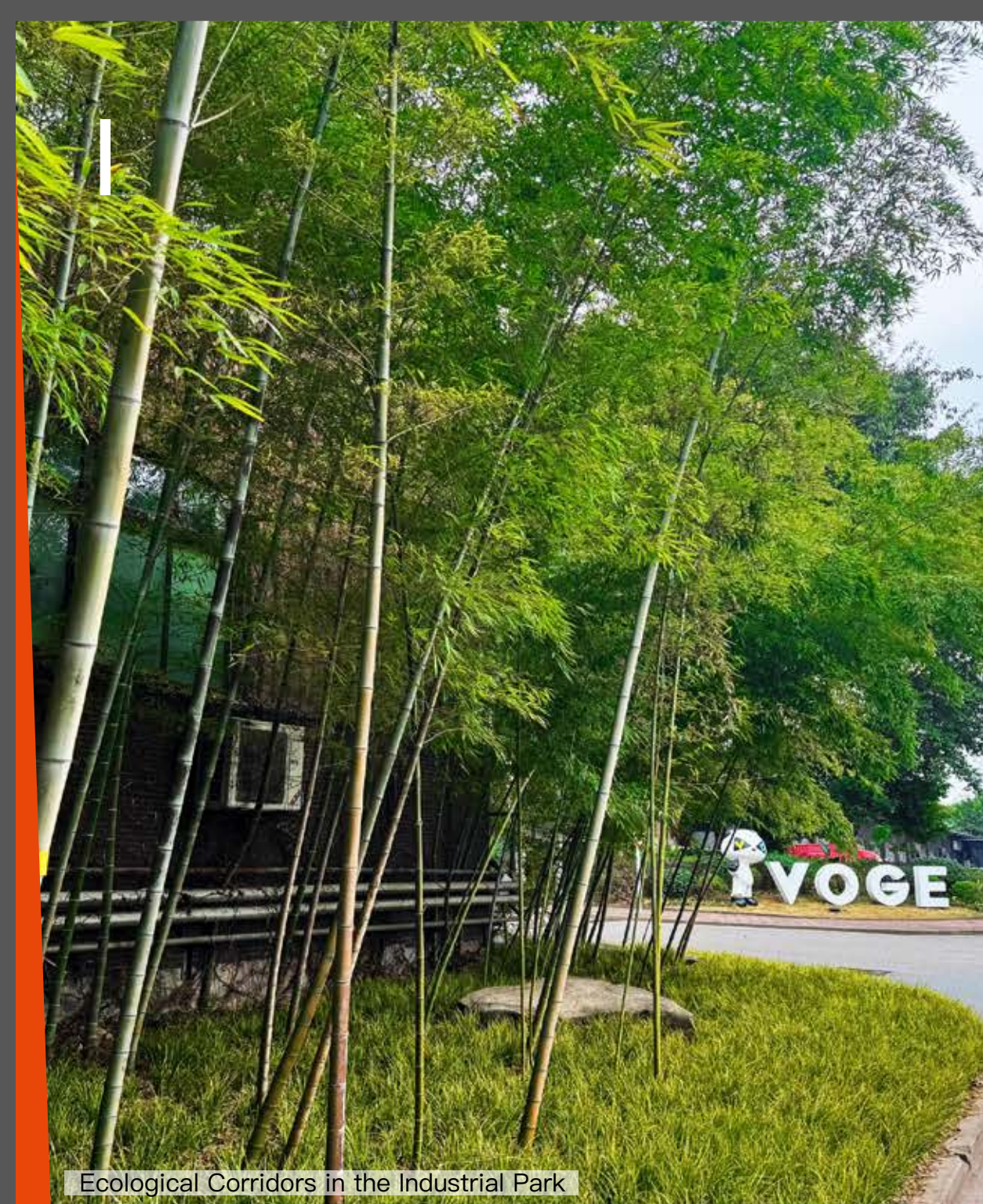
Indicator	FY2024 data	Unit
Greening coverage of Zone A	24.1%	/
Greening coverage of Zone B	26.1%	/
Greening coverage of Zone C	25.1%	/

3) Biodiversity Conservation Management Systems

To further intensify biodiversity conservation in surrounding areas of the Company, we have formulated the *Implementation Rules for Greening Maintenance Management*, *Implementation Rules for Cleaning and Sanitation Management*, *Harmful and Hazardous Substances Management Measures*, *Noise Management Measures*, and other relevant management measures to ensure the green and environmentally friendly development of the industrial park. In addition, a wide range of management measures have been adopted to ensure biodiversity conservation in the upstream and downstream of the supply chain in an effort to achieve the green development of the entire industrial chain.

4) Biodiversity Conservation Measures

LONCIN is committed to protecting and expanding the natural ecological space in the factory and its surrounding areas and carrying out ecological transformation of vacant land in the factory, e.g. increasing green area by means of tree planting and afforestation to create diversified ecological habitats, and planning and building ecological corridors in the factory to provide space for flora and fauna to inhabit, reproduce, and migrate, in an effort to promote the natural restoration and growth of biodiversity. In the meantime, the design of our office buildings and the like adopt the decoration style of faux-brick exterior to minimize the use of glass curtain walls, which can mitigate the risk of bird impacts, protect bird resources, and preserve species diversity of the ecosystem in an effective manner.



Ecological Corridors in the Industrial Park



Green Building Design in the Industrial Park





Pioneering Efforts to Address Climate Change

I
II
III
IV
V
VI



1. “Carbon Peaking and Carbon Neutrality” Goals



In active response to the national strategic goal of “Carbon Peaking and Carbon Neutrality”, the Company sets the following dual-carbon goals: bring greenhouse gas emissions to a peak by 2028 and become carbon-neutral by 2058; cut Scope 1 and Scope 2 emissions by 20% from fiscal 2019 levels by 2030. In the meantime, the Company will develop scientific carbon goals no lower than the goal set in the Paris Agreement of limiting temperature increase to below 2 Celsius, which will be assessed and verified by the Science-Based Carbon Targets Initiative (SBTi) in the future, in an effort to create experience in addressing climate change for the industry. On the supplier side, carbon accounting of at least 80% of suppliers is expected to be completed by 2026, with customized carbon reduction targets developed in a rational manner. By 2027, the Company’s energy consumption of industrial added value per unit will be reduced by 13% compared with 2022, and significant progress will be made in energy resource utilization and green manufacturing.

2. Climate Risk Management and TCFD Framework Response

The Task Force on Climate-related Financial Disclosures (TCFD) framework is designed to help companies identify, assess, and disclose climate-related risks and opportunities. We actively integrate the climate risks we face with the TCFD framework, comprehensively identify and assess climate-related physical and transformational risks, systematically sort out potential risks, and formulate coping strategies in advance so as to enhance our ability to cope with uncertainties and reduce potential losses due to climate risks.

1) Corporate Governance

Against the backdrop of the global active response to climate change, LONCIN attaches great importance to climate-related risks and opportunities as a key issue for the sustainable development of the enterprise, carries out scientific management through a well-established corporate governance system, effectively fulfills its corporate social responsibility, and contributes to the green and low-carbon economic and social transformation.

a. Board oversight of climate risks and opportunities

In terms of corporate governance structure, LONCIN has established a governance system with clear lines of authority and accountability. The Board of Directors plays a central leadership role in climate-related matters and is responsible for finalizing the Company’s climate strategy, objectives, and policies, overseeing their implementation by management, and ensuring that the Company’s strategic direction on climate change issues is correct.

b. Management’s responsibility for managing climate risks and opportunities

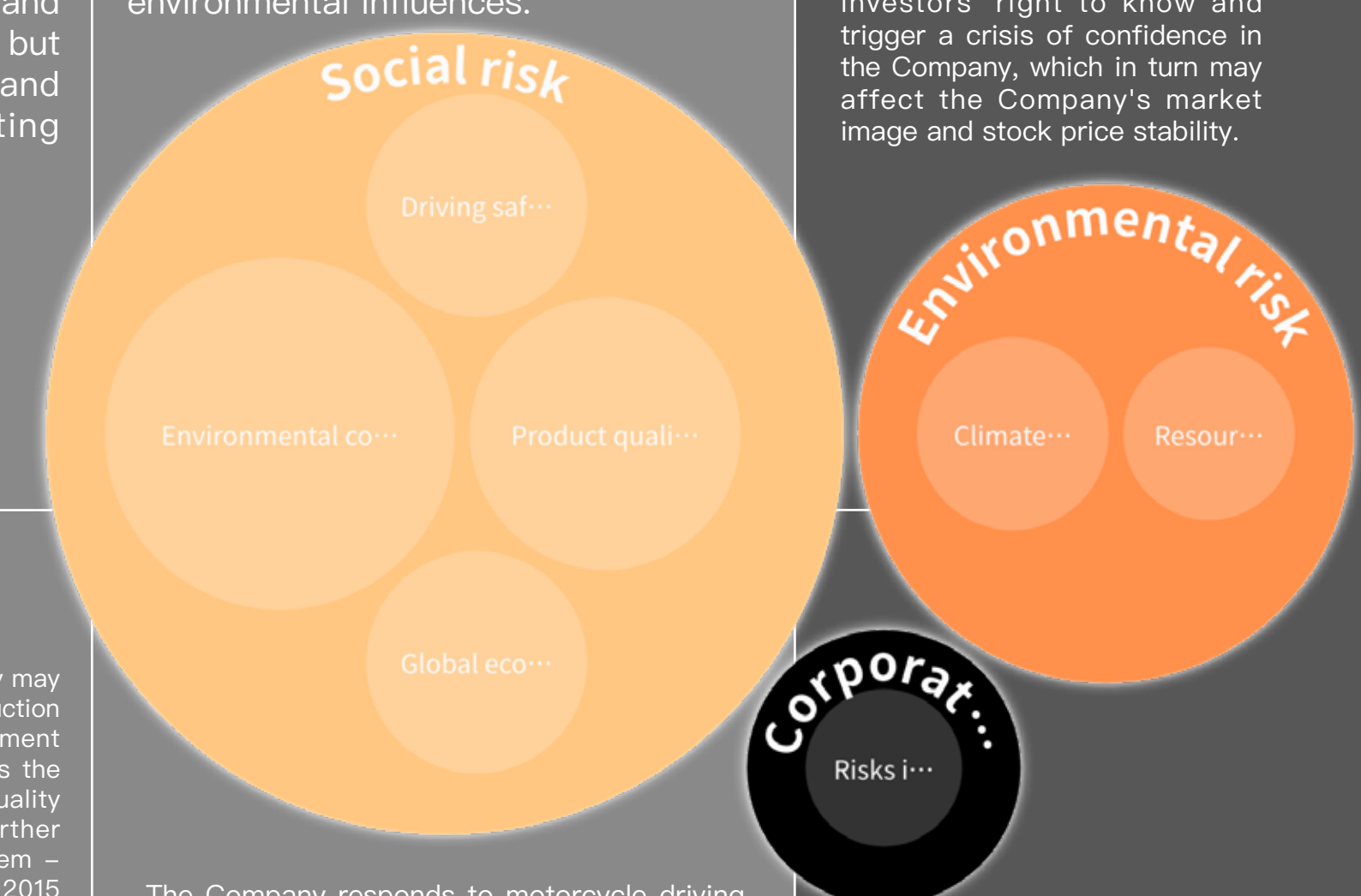
Management, under the direction of the Board of Directors, is responsible for the implementation of climate-related risk management and opportunity capture. Based on corporate strategy and assessment of climate risks and opportunities, management formulates clear and quantifiable climate-related targets and response strategies, sets carbon reduction targets, and plans specific paths to achieve the targets, including investing in green technology research and development, and adjusting the product mix to meet the demands of the low-carbon market, etc., so as to provide guidance for the green transformation of the enterprise.

2) Corporate Strategic Management

The Company fully responds to the trend of global energy transformation, incorporates Green and Low Carbon into its own strategic planning, actively explores the path of product technology transformation and upgrade, systematically plans for new energy-oriented travel changes, and is committed to setting an example for the industry's green and low-carbon development, in order to promote the Company's and the industry's green and low carbon development, and to contribute to the country's realization of the "dual-carbon" goal.

ESG-related risk identification and impact

Section	Environmental risk			Social risk		Corporate governance risk	
Type of risk	Climate change risk	Resource supply and demand risk	Environmental compliance risk	Global economic volatility risk	Product quality risk	Driving safety risk	Risks in disclosure and standardized governance
Description of risk impact	In recent years, the frequency and intensity of extreme weather events have been increasing, with disasters such as heavy rainfall, flooding, drought and high temperatures posing a direct threat to the Company's production facilities and supply chain; in addition, due to the extreme weather, travel conditions have been impacted, and consumer demand for motorcycles and other products has decreased, exposing the Company to market risk.	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.	With the accelerated transformation of the world to a low-carbon economy, countries continue to introduce more stringent environmental policies and regulations, which has led to increasingly higher energy-saving and emission reduction standards for the motorcycle industry. This could result in the Company facing fines, production restrictions and other penalties for exceeding carbon emissions, exposing the Company to legal compliance risks.	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.	Product quality problems may trigger consumer complaints, returns, and compensation, damaging brand reputation and market competitiveness. Defective products in terms of driving safety and durability not only lead to loss of consumers but may also expose the Company to lawsuits and financial compensation, increasing operating costs and financial risks.	Motorcycles pose a high safety risk, mainly due to their poor stability, lack of protection, and vulnerability to environmental influences.	Failure to disclose information in a timely and accurate manner in accordance with the relevant regulations may jeopardize investors' right to know and trigger a crisis of confidence in the Company, which in turn may affect the Company's market image and stock price stability.
Risk adaptation/opportunities	On the one hand, the Company has increased its investment in the research and development of new energy products, such as electric motorcycles and hybrid engines, to reduce carbon emissions, and on the other hand, it has improved the adaptability of its products in different adverse weather conditions, so that they can operate normally under a wide range of weather conditions. In addition, the Company enhances labor protection for its employees by providing them with the necessary protective equipment and training to ensure their health and safety in extreme weather conditions.	The Company actively establishes long-term and stable cooperative relationships with suppliers and is deeply involved in suppliers' production planning and quality control. In the procurement of core engine components, we work with suppliers to formulate production plans, lock the share of supply in advance, and prioritize the Company's production needs. When the price of raw materials fluctuates greatly, we stabilize procurement costs by signing annual framework agreements and setting up price adjustment mechanisms. In addition, we actively expand our supply channels and introduce new suppliers to reduce our dependence on a single supplier. In the procurement of raw materials such as steel, in addition to working with traditional suppliers, we have developed suppliers from different regions to effectively reduce supply risks.	The Company tracks changes in climate-related laws and policies in countries around the world through the establishment of a professional team or the use of external consulting organizations, and keeps abreast of new regulations, such as carbon emission standards and requirements on the proportion of renewable energy use, which provides a basis for corporate decision-making and enables the Company to plan its response strategies in advance, thus avoiding being caught in a passive situation due to changes in laws and regulations. In addition, the Company has perfected its environmental management system and formulated strict internal environmental protection standards and operating procedures in accordance with the requirements of laws and regulations in countries in which it operates. The Company clarifies the responsibilities of each department in responding to climate legal compliance and assigns the responsibilities to specific positions and personnel. In addition, the Company strengthens staff training to enhance the awareness and implementation of climate regulations, and further implements GB/T24001-2016/ISO14001:2015 Environmental Management System Requirements and Guidelines for Use and Rules for the Implementation of Compulsory Product Certification - Motorcycle (CNCA-C11-02) (CNCA-00C-005) during the production process to ensure that the Company's whole process of operation meets the requirements of regulations.	In response to the issue of declining market demand, the Company has expanded into multiple markets and reduced its dependence on a single market. Geographically, the Company has been actively expanding its domestic and international markets and launching targeted products in response to market demand. In terms of products, the Company has established a moderately diversified product family and, within a reasonable range, has actively expanded its product range to meet the product needs of a wider range of consumers.	In order to cope with the risk of product quality, the Company may further strengthen the control and management of the production process. The Company implements Total Quality Management (TQM) in the production process, establishes and improves the production standard operating procedures, clarifies the quality control standards for each production process, and further implements the IATF16949:2016 Quality Management System - Special Requirements for the Implementation of ISO9001:2015 for Automotive Manufacturing Parts and Related Service Parts, GB/T19001-2016/ISO9001:2015 Quality Management System Requirements, etc. The Company regularly maintains and calibrates its production equipment to ensure that it is in optimal working condition and to minimize quality fluctuations caused by equipment problems. The Company strengthens staff training, improves staff operation skills and quality awareness so that the staff strictly follow the standard operation procedures for production to ensure product quality.	The Company responds to motorcycle driving safety risks from various aspects such as safety education, technology research and development, and quality control. In terms of safety education, the Company regularly organizes activities to enhance driving safety-related education for users and raise safety awareness. In terms of technology research and development, the products are equipped with millimeter-wave radar and other driver-assisting equipment to realize driver-assisting functions such as blind-zone detection, lane-change assistance, and collision warning and to improve the ability to perceive the surrounding environment. In terms of quality control, we carry out the forward development of chassis systems and handling systems and utilize advanced tools to simulate and analyze system functions to eliminate design defects. In addition, the Company has set up a strict quality control system and a special quality traceability system to ensure the consistency of the production process and realize zero defects in the delivered products.	The Company has further strengthened information disclosure and standardized governance in terms of compliance management and system development. With respect to information disclosure, the Company strictly follows the provisions of the Company Law, the Securities Law, the Administrative Measures for Information Disclosure of Listed Companies, the Rules for Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association of the Company to ensure that information disclosure is in accordance with the laws, rules, and regulations, and to ensure that information disclosure is truthful, accurate and complete, and that all shareholders and potential investors are treated fairly. In terms of standardized governance, the Company ensures that there is a clear division of powers and responsibilities among its authority, decision-making body, supervisory body and the management, with each performing its duties and with effective checks and balances, ensures scientific decision-making, and ensures that the process of convening meetings is legal and compliant. The Company maintains mutual independence from its controlling shareholders in terms of business, personnel, assets, organization, and finances, urges key personnel such as directors, supervisors, and senior management to be diligent in their duties, and protects the legitimate rights and interests of all shareholders, especially small and medium-sized shareholders.



GB/T24001-2016/ISO14001:2015 Environmental Management System Certification



GB/T19001-2016/ISO9001:2015 Quality Management System Certification

3) Corporate Risk Management

The Company fully considers the impact of climate change on the industry, national policies and industry development trends, incorporates climate change risks into the overall risk management system of the Company, systematically identifies and analyzes climate risks faced by the Company, and formulates corresponding risk management methods and countermeasures promptly, to lay a solid foundation for timely and effective avoidance of climate risks, grasping of climate opportunities and adoption of countermeasures.

(1) Climate risk identification and assessment

In order to effectively manage climate-related risks, LONCIN has established relevant identification and assessment mechanisms. Climate change considerations are fully taken into account in the strategic planning process. Through in-depth market research and industry analysis, we assess the changes in market demand for our products under different climate scenarios, the stability of the supply chain, and the direction of technological innovation, such as increasing R&D investment in the field of new energy based on our judgment of the future trend of low-carbon energy. During the investment decision-making process, the Company strictly implements a climate risk assessment procedure. For projects with high carbon emissions or susceptible to climate risks, prudent assessment and strict screening will be conducted, and priority will be given to investing in low-carbon, environmentally friendly, and risk-resistant projects to ensure the long-term and sound appreciation of the Company's assets.

(2) Climate risk management

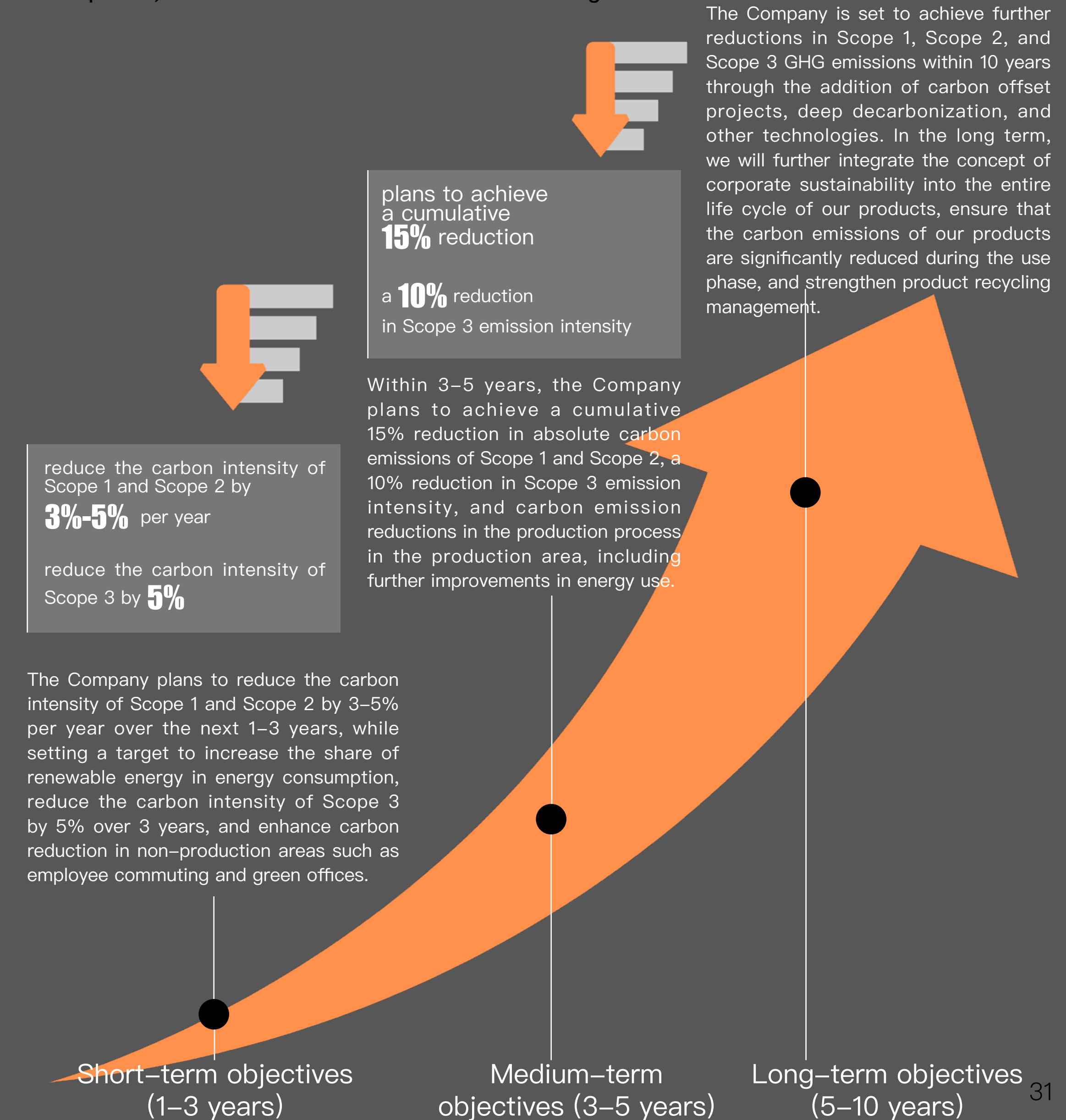
LONCIN is active in seizing climate-related opportunities. The Company has keenly captured the global trend of growing demand for low-carbon travel and has invested heavily in the research and development of new energy motorcycles. Through continuous technological innovation, a series of high-performance, low-emission new energy products have been launched to meet market demand for green travel and clean energy equipment, creating new growth drivers for the Company. In addition, the Company makes full use of its technological advantages in the manufacturing industry, strengthens cooperation with scientific research institutions and universities, and carries out research and development projects on low-carbon technologies. In the production process, the Company promotes the application of energy-saving technologies and equipment to improve energy use efficiency and reduce energy consumption and carbon emissions. The Company is actively exploring green supply chain management and working closely with suppliers to promote the low-carbon development of the entire supply chain and enhance the Company's green competitiveness in the industry.

(3) Integration of climate risk management with overall corporate risk management

The Company has integrated climate risk management objectives into its overall corporate strategic planning, combining them with traditional business development and financial objectives. In formulating future business expansion plans, the management fully assesses the climate risks that may be faced by different regions and business areas and prioritizes low-carbon and climate-resilient business directions. In addition, we expand our risk identification beyond traditional risk identification to include climate-related physical risks and transformation risks. We use a variety of methods, such as systematic scanning of internal and external environments, sorting out the corporate value chain, collecting relevant data and information, brainstorming, scenario analysis, etc., to comprehensively identify climate risks and traditional risks.

4) Indicators and targets

To more vigorously promote the implementation of various initiatives to address climate change, the Company has clearly defined the carbon emission reduction targets, actively carry out targeted emission reduction-related actions to effectively reduce the Company's resource and energy consumption and effectively contribute to the improvement of the environment and the climate, which has contributed to the Company's green and low-carbon transformation and development, as well as to the national "dual carbon" goal.



I
II
III
IV
V
VI

Social Initiatives and Innovative Development 03



Human Resources Development
Technology-Empowered Industrial Upgrade Driven by Innovation
Rural Revitalization and Community Outreach

I
II
III
IV
V
VI

/// In LONCIN's pursuit of sustainable development, social responsibility has always been one of the core driving forces for the enterprise heading forward

We firmly believe that the growth of an enterprise depends to a certain extent on the nourishment of society, and the success of an enterprise should also contribute to the development of society. LONCIN is committed to building a platform for the growth of employees, energizing the prosperity of society, and supporting the revitalization of the countryside through the three dimensions of talent cultivation, scientific and technological innovation, and rural empowerment. We cultivate talents with the spirit of craftsmanship, water the countryside with the power of innovation, and strive to find the best balance between corporate development and the fulfillment of social responsibility, contributing LONCIN's efforts to build a more harmonious and sustainable social ecology.



Human Resources Development

I
II
III
IV
V
VI

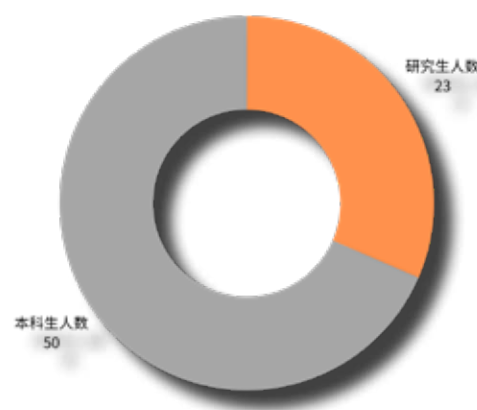
LONCIN has always adhered to the core concept of being “people-oriented” and is committed to building an open, collaborative, warm, and inclusive organizational ecology. We are well aware that talent is the core driving force of enterprise development and that the well-being and growth of employees are directly related to the competitiveness and sustainability of the enterprise. Therefore, LONCIN regards talent cultivation as the cornerstone of enterprise development and is committed to creating an all-around, multi-level talent growth system. By optimizing career development paths, providing rich training resources, creating an inclusive innovation environment, and improving employee care mechanisms, we not only provide employees with broad career development space but also provide comprehensive care in work-life balance and mental health support. LONCIN adheres to the concept of being “people-oriented”, practices the concept of “talent is the primary resource” with practical actions, strives to let every employee realize his/her self-worth in the development of the enterprise, so that the enterprise and the employees can jointly promote each other's growth and progress.

- optimizing career development paths
- providing rich training resources
- creating an inclusive innovation environment
- improving employee care mechanisms

1. Employment and Compliance Management

LONCIN has always regarded “fairness and justice” as the core principles of corporate culture and management. Fairness and justice are not only the basic rights and interests of employees but also the cornerstone of the sustainable development of the enterprise. LONCIN strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, and other laws and regulations, and has formulated the management documents involving personnel employment, remuneration and benefits, assessment and promotion, and separation from service, such as the *Employment Contract Management Practices*, the *Recruitment and Hiring Management Practices* and the *Employee Separation Management Practices*. The Company strictly fulfills the national laws and regulations on remuneration, vacations, welfare, safety and health, labor insurance, etc., and fully guarantees the rights and interests of employees. In all aspects of recruitment, promotion, and remuneration, the Company strictly follows objective criteria, eliminates any form of prejudice and discrimination, prohibits the employment of child labor, prohibits the recruitment of employees under the age of 16 (including internships), prohibits forced or compulsory labor, opposes discrimination and differential treatment, guarantees equal pay for men and women for work of equal value, and follows the limitations on working hours, etc., to ensure that the employment of employees is standardized.

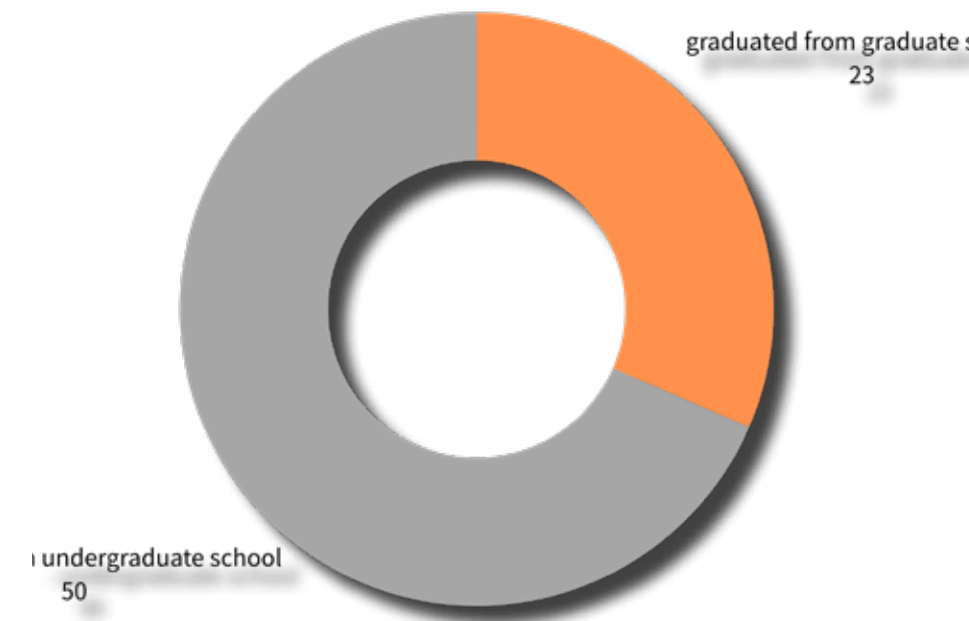
In addition, the Company provides suitable positions for persons with disabilities and military-to-civilian transition personnel, such as positions of disciplinary inspection, enterprise management, enterprise publicity, inspection, and security, to create an inclusive and diversified working environment. During the reporting period, the total number of employees of the Company was 10,529, and the rate of labor contract signing and social security coverage were both 100%.



the total number of employees **10,529**
social security coverage **100%**

- LONCIN has always regarded campus recruitment as a key strategy for the Company's talent reserve and long-term development.

The Company focuses on attracting outstanding fresh graduates from domestic and international universities and provides a platform for young talents to realize their full potential through a series of well-designed recruitment and training measures. In 2024, LONCIN Campus Recruitment closely focuses on the 7 major dimensions of software/embedded development, electrification and controls, product design, electrical technology, process technology, business development, and functional support to recruit talents. We successfully onboarded 85 fresh graduates through our 2024 campus recruitment program, of which 23 graduated from graduate school and 50 graduated from undergraduate school.



- LONCIN regards Experienced Hire Recruitment as a key driving factor to stimulate corporate vitality, promote sustainable development, and achieve corporate strategic objectives.

In 2024, LONCIN onboarded 1,516 people through experienced hire recruitment. The Company adheres to the recruitment concept of “Skills-First Hiring: No Degree or Experience Bias”, focuses on the actual ability and potential of talents, and is committed to attracting excellent talents who can work together to solve the difficulties and problems encountered in the process of the Company's development. Through experienced hire recruitment, LONCIN can introduce diversified professional backgrounds and rich industry experience for itself, and it can provide employees with ample career growth opportunities and a perfect training system, which leads to the common growth of employees and the enterprise. This open and inclusive recruitment strategy not only injects new vitality into the Company but also provides a platform for employees to realize their personal values, further consolidating LONCIN's competitiveness in the industry.

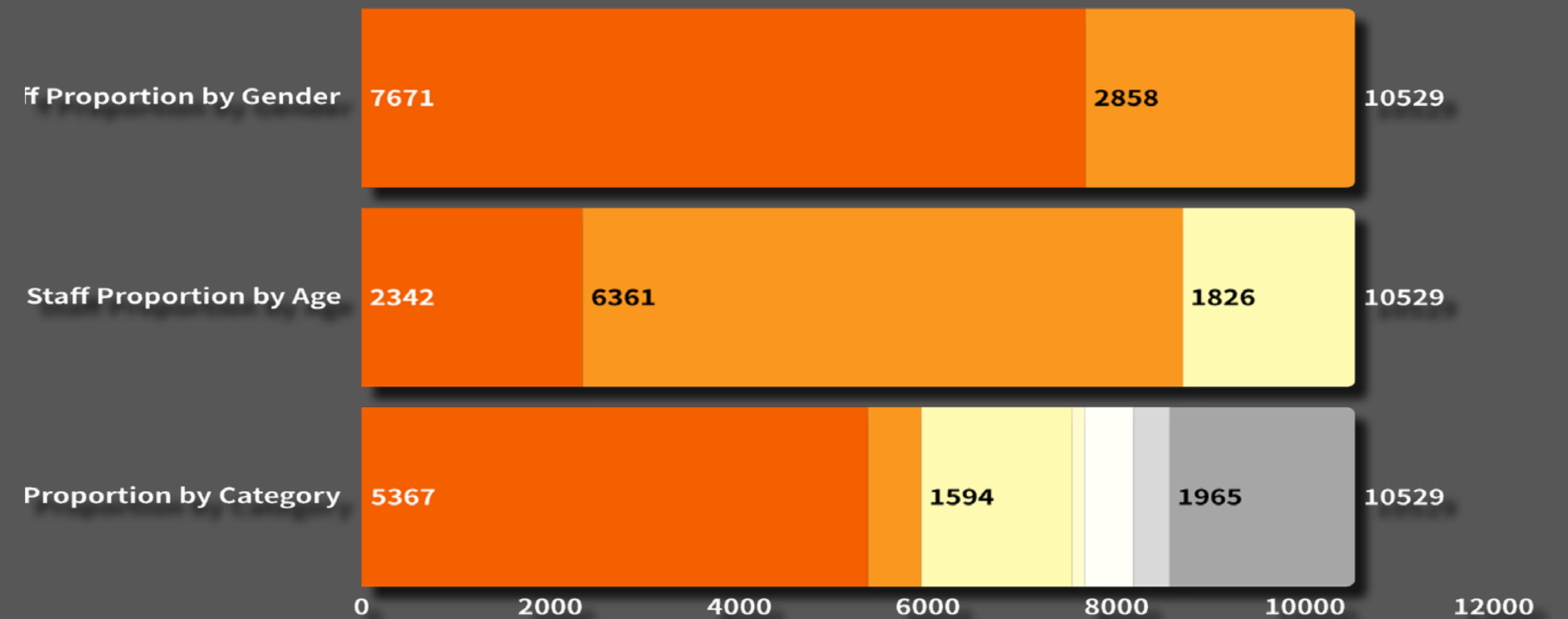
2. Diverse Composition of the Workforce

LONCIN boasts a diverse, structured, highly experienced, and dynamic workforce.

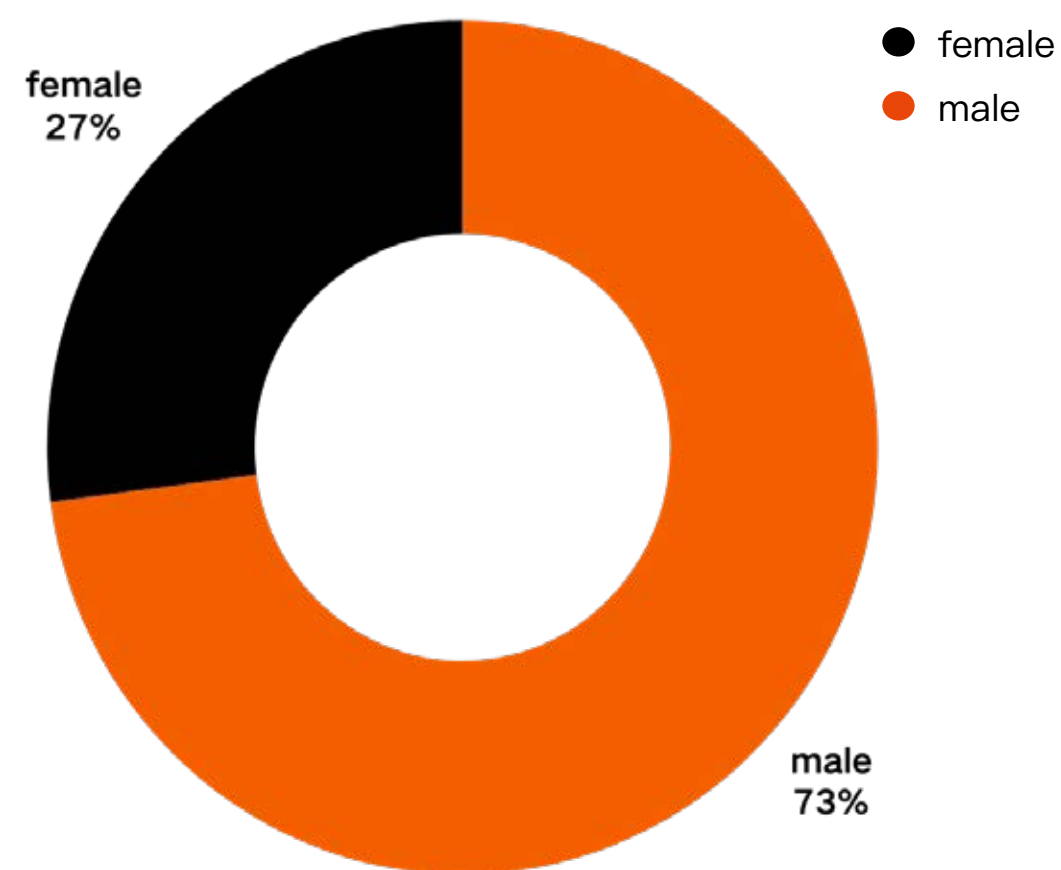
As of December 31st, 2024, LONCIN had a total of 10,529 employees, of which 7,671, or 73%, were male and 2,858, or 27%, were female.

There are 2,342 employees under the age of 30, accounting for 22% of the total number of employees, who continuously infuse fresh energy into the Company; 6,361 employees aged 30–50, accounting for 61%, who serve as the dual engine for experience inheritance and technological innovation, and a stable backbone of technical experts; 1,826 employees aged 50 and above, accounting for 17%, who have the "craftsmanship spirit" of traditional techniques, and act as a platform for mentorship-based knowledge transfer to younger employees through the master-apprentice model.

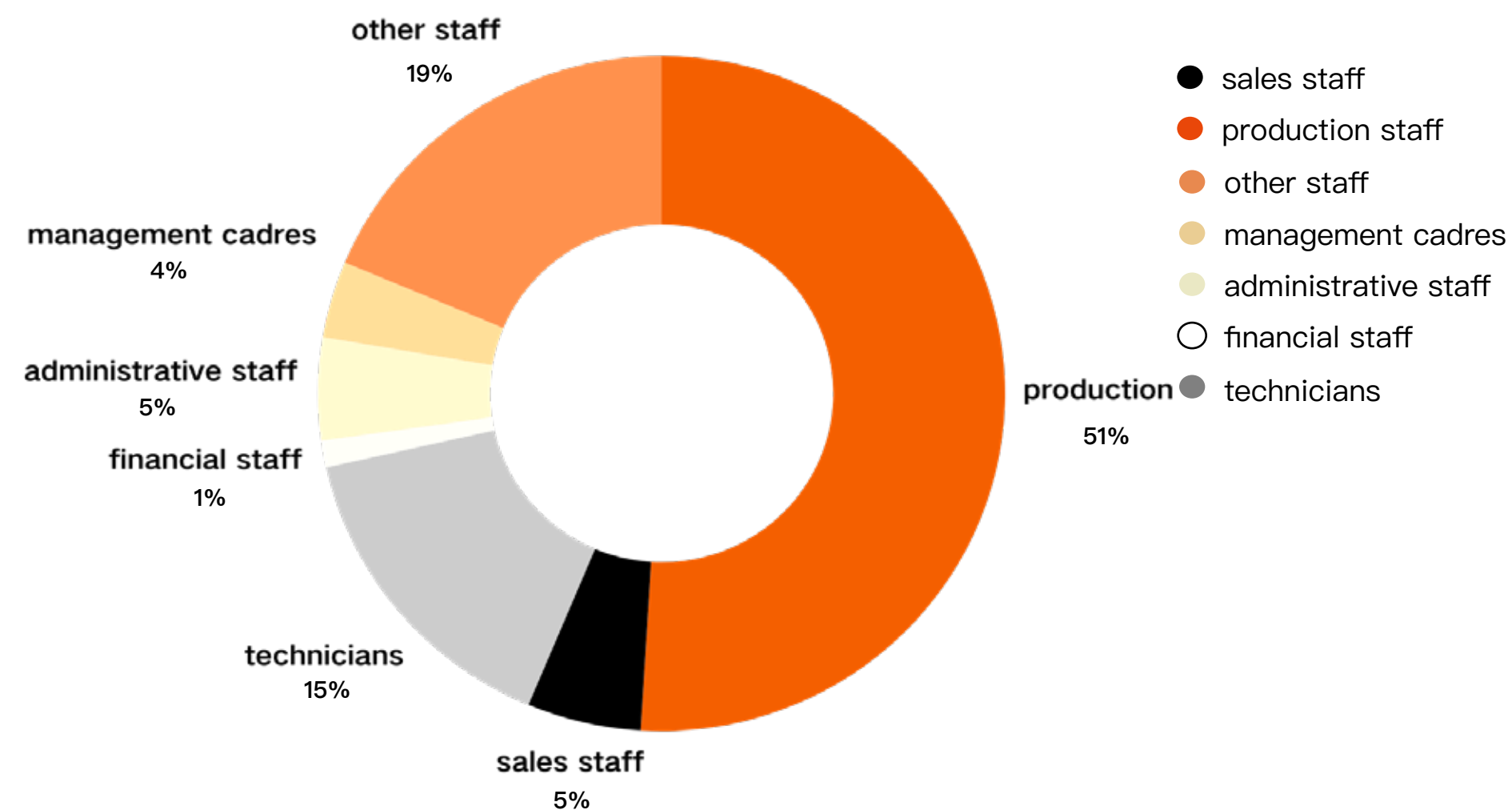
The workforce consists of 5,367 production staff, accounting for 51%; 565 sales staff, accounting for 5%; 1,594 technicians, accounting for 15%; 136 financial staff, accounting for 1%; 517 administrative staff, accounting for 5%; 385 management cadres, accounting for 4%; and 1,965 other staff, accounting for 19%.



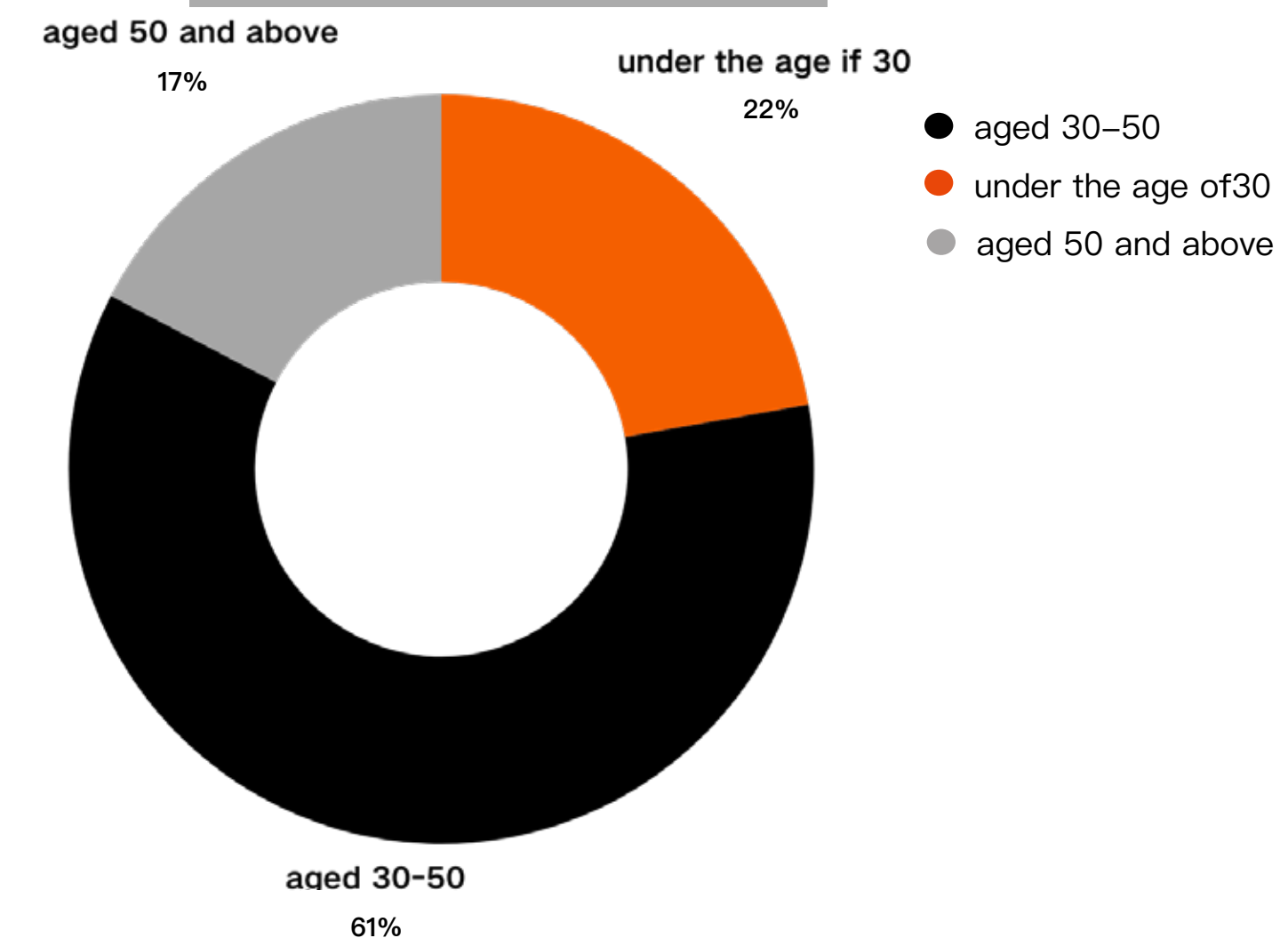
Staff Proportion by Gender



Staff Proportion by Category



Staff Proportion by Age



3.Employee Benefits and Safeguards

As a leading company in the motorcycle industry and one of the representative enterprises of the Chongqing manufacturing industry, LONCIN always puts the well-being of all its employees in the first place. LONCIN has always taken humanistic care as an important part of its corporate culture and has long been offering timely care and precise assistance to employees in difficulty and female employees in terms of their lives and physical health. To this end, LONCIN has formulated the *Employee Welfare Management Measures, Regulations (Guidelines) on the Use of Caring Mothers' Nooks* and other systems and measures. In accordance with the requirements of the Company's system, we regularly organize special care activities to deeply understand the actual needs of employees in difficulty and female employees, and provide them with practical and effective assistance. Whether it is difficulties in life or challenges in work, the Company actively extends a helping hand to help them tide over difficulties by distributing subsistence materials, providing financial assistance, caring for special groups, and other ways.

1) Humanistic Care for Female Employees

LONCIN attaches great importance to the protection of the rights and interests, and special needs of women in the workplace. LONCIN not only adheres to gender equality in the recruitment and promotion process but also supports the professional growth of female employees through a variety of measures, fully demonstrates respect and recognition of women's professional capability, and is committed to creating an inclusive and caring work environment.



Event with the theme of "Women Match Men in Every Way"

(1) We recognize the power of women on the occasion of International Women's Day

During International Women's Day in 2024, the trade union of LONCIN specially planned festive activities and distributed gifts to all female employees to convey warmth through practical actions. The theme of the event, "Women Match Men in Every Way", highlights the Company's full affirmation of the ability of female employees and encourages them to show their resilience and wisdom in the workplace and in life. Whether it is the struggle in the professional field or the work-life balance, LONCIN has always supported female employees in their pursuit of excellence and expressed deep respect through holiday blessings and benefits. LONCIN believes that every woman is an important force for social progress and will continue to create an equal and inclusive environment going forward to help them shine with their unique brilliance.



"Caring Mothers' Nooks"

(2) "Caring Mothers' Nooks" have been set up for pregnant and nursing female employees

In order to better care for pregnant and nursing female employees, LONCIN has set up "Caring Mothers' Nooks" to provide them with a private, comfortable, and safe place to rest and breastfeed. These nooks are equipped with facilities such as sofas, refrigerators, sterilizers, purifiers, electric fans, etc., and disposable mother and baby products and popular books on women and babies are also provided to meet the needs of female employees at special physiological stages. Through this initiative, LONCIN not only provides tangible care for female employees but also contributes to gender equality in the workplace and women's career development.





2) Summer Cooling Care

LONCIN attaches great importance to the working experience and health safeguards of employees in a hot environment.

In order to effectively do a good job of preventing heatstroke and cooling in summer, LONCIN organized and carried out the “Summer Cooling Care” event to send attentive care to the employees who work in high-temperature environments.

During the event, LONCIN distributed watermelon, cold drinks, and other cooling supplies for front-line employees to reduce the impact of hot weather on their bodies and ensure that they can maintain a good working condition in the hot summer, and also provided high-temperature work subsidies.

Through the series of initiatives, LONCIN not only sent coolness to the employees but also conveyed the Company's deep concern for the health of the employees, which further enhanced the sense of belonging and happiness of the employees.





3) Encountering Romance through Youth Fellowship

LONCIN is extremely concerned about the marriage and love needs of young employees and actively builds a dating platform for single youth. In July 2024, the youth dating and networking event with the theme of “Love in Jiulongpo – Love Forever” was successfully held at the LONCIN Training Center in Area B. The event attracted over 100 single young adults from the Jiulongpo District. Through meticulously designed segments like "ice-breaking games", "interactive sessions", and "first choices of love", the event promoted communication among young people based on their differentiated needs and enabled them to talk about their ideals and expand their social circle in a relaxed atmosphere. Eventually, nine pairs of young people were formed on the spot and embarked on their romantic journey amidst cheers from fellow participants, marking a heart-warming conclusion to the event.



The scene of the “Love in Jiulongpo – Love Forever” event
Group photo of “VOGE Cup” finals



4) Athletes Sweat It Out

LONCIN attaches great importance to the physical and mental health of employees and team cohesion development. In the 2024 “VOGE Cup” soccer tournament, the Company fully demonstrated its care and support for the sports life of its employees by organizing a one-month sports event with the participation of more than 100 employees. The players demonstrated teamwork and tenacity, fighting for collective glory. Seizing this momentum, The Company also took this opportunity to advocate the integration of passion and collaboration on the field into daily work, encouraging employees to use sportsmanship as a driving force and strive for annual goals. Through such activities, LONCIN continues to create a positive corporate atmosphere, helping employees achieve a win-win situation in terms of a healthy body and efficient work, and promoting the Company's high-quality development.

4. Employee Rights and Supervision



LONCIN attaches great importance to guaranteeing the rights and interests of employees, and provides employees with all-around care and support through a perfect human resource management system and a rich welfare system, to ensure that every employee can feel respect and warmth in the enterprise, which will help individuals realize their values and the enterprise achieve development.

To effectively guarantee the rights and interests of employees, LONCIN has formulated a series of human resource management systems, such as *Human Resource Management Procedures, Attendance and Vacation Management Measures, Operational Rules for Salary Management, Provisions on Social Insurance and Housing Provident Fund, Employee Rewards and Punishments, Rules on the Management of Occupational Health, Rules on the Management of Work Clothing* and so on, in accordance with the *Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China*, and other laws and regulations. The above systems cover a wide range of aspects, such as remuneration and benefits, labor protection, and occupational health and safety, providing solid institutional protection for the legitimate rights and interests of employees.

LONCIN is committed to creating a healthy and harmonious working environment for its employees. The Company has a standard working hour system of 8 hours a day, 5 days a week, supplemented by a special working hour system. In addition to the two-day weekend, statutory holidays, marriage and funeral leave, maternity leave, and other national statutory holidays, the Company also strictly enforces the annual leave system that is consistent with the national *Regulations on Paid Annual Leave for Employees and the Measures for the Implementation of Paid Annual Leave for Enterprise Employees*.

LONCIN has established a labor supervision and inspection team consisting of the trade union, human resources department, each line management department and relevant personnel to supervise the publicity, implementation and enforcement of the Labor Law and the Labor Contract Law, as well as the conclusion, fulfillment, alteration, cancellation and termination of the labor contract, so as to ensure that the rights and interests of the employees are fully guaranteed.

LONCIN also provides employees with a wealth of welfare rights and benefits, including meal subsidies, free commuter transportation, annual free medical checkups, and holiday care packages. For employees' marriage, childbirth, and other life events, the Company gives out gifts as a blessing; if an employee suffers from a major illness or family disaster, the Company will also give condolence payments or condolence gifts according to the actual situation, to give employees attentive care.



5.Occupational Health and Safety Management

LONCIN has always placed the occupational health and safety of its employees at the core of its corporate development, continuously optimizing the occupational health and safety management system for its employees, and establishing a series of safety management systems, such as the *Safety Inspection System*, the *Safety Production Goal Management System*, the *Emergency Rescue Plan Management System*, the *Safety Education and Training Management System* and the *Safety Risk Prediction and Early Warning Information Management Measures*, in accordance with the domestic and international standards, such as GB/T 45001–2020 and ISO 45001. The Company guards the health and safety of its employees in all aspects by improving the system, strengthening training, upgrading facilities, strengthening supervision, and other initiatives. To enhance the safety literacy of its employees, the Company organized online traffic safety training and exams covering more than 5,200 people in 2024, with a pass rate of 94.4%. By citing historical accident cases and clarifying the control measures of key links from the three dimensions of operators, professional technicians, and managers, the Company has compiled the “Today in History” accident case warning manual, which promotes improvement and serves as a warning. The Company carries out activities such as “Safety Production Month” and “Fire Prevention Month” and organizes diversified activities such as safety knowledge competitions, accident case studies, and emergency drills to create a strong safety culture. These activities not only enhance the safety awareness of the staff but also stimulate the enthusiasm of all staff to participate in safety management, forming a good situation of “Everyone speaks safety, everyone practices safety”.

1) Provision of Comprehensive Health Checkups and Health Management to Protect Employee Health

LONCIN is extremely concerned about the continuous optimization of the occupational health and safety management system and always puts the health and safety of employees the first place. LONCIN strictly complies with national policies by contributing to employees' basic medical insurance. The Company regularly organizes scheduled medical checkups for all employees every year, establishes perfect health records, and provides a scientific basis for employees' health management, so as to guarantee employees' physical and mental health in all aspects. As of December 31st, 2024, LONCIN had 10,529 employees on record and 100% coverage of employee medical examinations.



coverage of employee medical examinations
100%

2) Enhancement of Security Management by Creating a Zero-Risk Work Environment

LONCIN has always been committed to creating a zero-risk working environment and making every effort to prevent workplace accidents. With the goal of achieving “zero deaths, zero serious injuries and zero major fire accidents”, we strengthen safety management by identifying, assessing and controlling health and safety risks in the workplace. Through the formulation of the Safety Target Responsibility Statement, safety responsibilities at all levels have been clarified to ensure that safety targets are implemented at all levels. LONCIN organizes regular safety training covering key areas such as production safety management, occupational health awareness, notification of hazards and hygiene protection in each position, and emergency response procedures to comprehensively enhance employees' safety awareness and operational skills.



3) Performance of Emergency Drills to Guard the Safety Bottom Line

LONCIN has always adhered to the concept of “No safety issue is too small – mitigate risks proactively”. To ensure the life safety of its employees, LONCIN organized 32 rapid-response emergency response drills covering various types of accidents, including fire accident, limited-space operation accident, heat stroke accident, hazardous chemical leakage accident, electrocution accident, mechanical injury accident, and high-temperature burns, etc., in 2024, representing a year-on-year increase of 113.33%. Through these drills, the Company has not only strengthened the safety awareness and emergency response capability of its employees but also further improved the scientific rigor and practicality of its emergency response plans, resulting in an accident rate of only 0.25 per million working hours for LONCIN in 2024.



6. Diversified Training and Career Development Paths

Adhering to the concept of “talent as the core competitiveness”, LONCIN is committed to providing each employee with an all-round, multi-level training system, covering professional skills training, management capacity enhancement, leadership development and cross-departmental exchanges, etc., and has invested RMB 2,876,400 in training funds throughout the year.

In 2024, 415 senior and middle managers of the Company set a good example by actively participating in various types of training courses, which efficiently drove 4,540 employees to enthusiastically participate in job-corresponding training courses, with a total of 20,334 hours of training, a year-on-year increase of 20.33%, and an average per capita training duration of 2 hours.

These trainings comprehensively cover employees at all levels and positions, further stimulate the potential of employees, guide the planning of their career development path, create a high-quality talent team, and lay a solid foundation for the long-term development of the enterprise. LONCIN is making in-depth strategic expansions into overseas markets, so it has customized a 10-week business English systematic training for the backbone team members, which effectively improves the English skill level of the backbone team members, provides a strong support for the future work, and helps the Company to make a bigger breakthrough in the overseas market.

 **2,876.40** (thousand) in training funds throughout the year.

 **415** → **4,540** employees to enthusiastically participate in job-corresponding training courses
senior and middle managers

 **20,334** hours of training **20.33%** a year-on-year increase

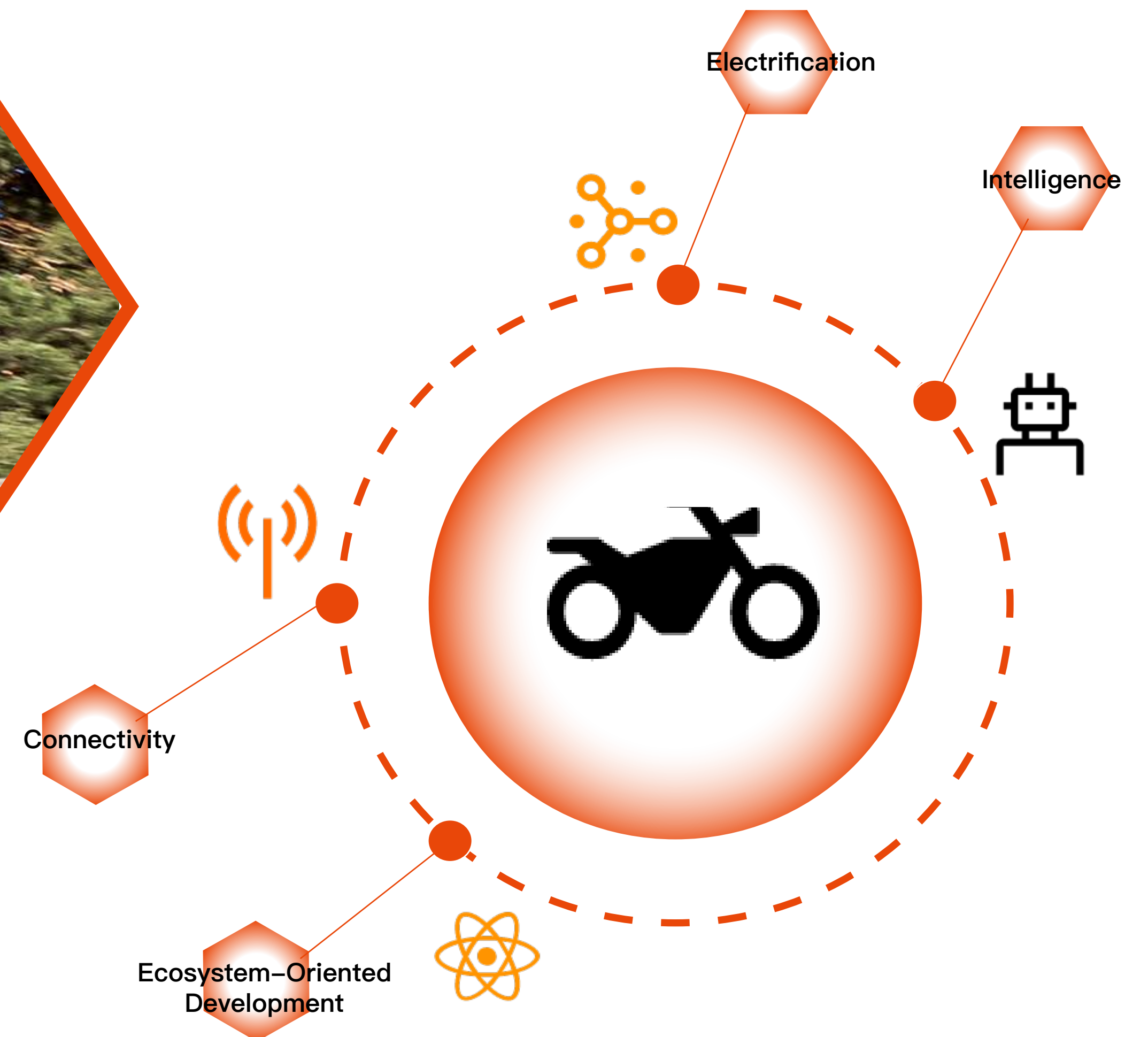


Technology-Empowered Industrial Upgrade Driven by Innovation

III



LONCIN has always insisted on taking scientific and technological innovation as the engine, focuses on the development direction of “electrification, intelligence, network connectivity and eco-friendliness”, actively promotes industrial synergy, cooperation and innovation through continuous technological innovation and industrial upgrading, and has established strategic cooperative relationships with several well-known domestic and foreign enterprises and scientific research institutes, such as BMW, Baidu, to accelerate the commercialization and industrial application of technological achievements and inject new momentum into the development of the industry.



1.Product Innovation Results and R&D Investment

I
II
III
IV
V
VI

LONCIN has always adhered to the development concept of “Technology-focused, Innovation-driven for a Better Life” and regarded R&D investment as the core driving force to promote the sustainable development of the enterprise. Through continuous investment in R&D, LONCIN has achieved remarkable innovation results in various fields, such as engines, motorcycles, all-terrain vehicles, and energy storage devices. These innovations not only provide new ideas and directions for technological advancement and market expansion in the industry but also improve people's daily lives in many ways.

1) Innovation Driver: Industry-Research Collaboration

LONCIN has always taken technological innovation as the core driving force of enterprise development. We know that investment in R&D is the key to maintaining competitiveness in the industry. In 2024, LONCIN has 1,594 R&D team members of various types, and accumulated R&D investment of RMB 534.53 million. Relying on the R&D structure of “Group Technology Center + Division Engineering Research Institute”, we actively engage in deep cooperation with professional institutions such as R&D institutions and technology companies. By integrating the advantageous resources of all parties, we accelerate the research, development, and application of green technologies such as Straight-Line ABS Self-Calibration Technology and Forward Design of Powertrain Thermal Engine Bolts and Seals. We continue to increase our investment in green technology innovation, continuously improve the synergistic effect of technology development, and promote the green and low-carbon transformation of the Company.

2) VOGE RR660S: “Energy Maxed, Superbike Awakened”

The VOGE RR660S is the flagship sport motorcycle launched by LONCIN in 2024 and was the brand's main star product of the year thanks to its outstanding performance and innovative design. The VOGE RR660S is powered by a high-performance 660cc twin-cylinder engine that delivers strong power while maintaining excellent fuel economy and environmental performance. The lightweight body design and optimized aerodynamic styling give the RR660S a superb handling experience. Whether it's a city street or a professional race track, it's easy to drive and gives you the ultimate driving pleasure. The VOGE RR660S not only surpasses some of its international counterparts in terms of core performance but also provides consumers with a high-quality option at a more affordable price, promoting the rise of domestic motorcycles in the high-end market.

The VOGE RR660S is equipped with the industry-leading “active value-added rescue” JUNYOS 3.0 rescue system, which is based on vehicle hardware perception and AI prediction algorithms, and is capable of quickly obtaining on-site information such as the location of the incident and the speed of the car at the time of the accident, allowing exclusive 24-hour customer service personnel to take the initiative to call the owner to draw up the best rescue plan. It is also equipped with several advanced electronic control systems, including a traction control system and, ABS anti-lock braking system, with a variety of riding modes to choose from, so as to protect the user's all-around riding safety and comfort.

LONCIN has been actively building motorcycle culture through the VOGE brand, organizing all kinds of motorcycle circle activities, such as track experience days. The VOGE RR660S has captivated motorcycle enthusiasts worldwide with its high performance and striking design, significantly boosting the spread of motorcycle culture and fostering a stronger rider community. It not only enhances the influence of Chinese motorcycle brands in the world but also lays the foundation for further expansion of domestic motorcycles in the global market.



3) EHOM EP350: “Your ultimate light outdoor companion – where style meets performance”

As the “Digital Companion” of the EHOM portable energy storage series, the EP350 prioritizes sleek design and lightweight portability as its core competitive edges. The EP350 features interchangeable long/short straps and multiple color options, precisely meeting young users’ dual demands for personalization and practicality and redefining the “light-outdoor” experience of portable energy storage. In particular, the enhanced metal handle design at the top and the original design of the “small magic box” with a one-stop storage function at the bottom put respect for the user experience at the top of the list. The EP350 is equipped with a built-in 299Wh Li-Iron Phosphate battery that supports 350W rated output power and can reach 700W peak output with SpurFlux upscaling technology. This powerful power reserve can meet the charging needs of all types of devices in outdoor camping, hiking, photography, and other scenarios. What's more, in special environments such as emergency rescue or plateaus, EHOM EP350 is able to provide power support for oxygen cylinders, oxygen supply machines, and other equipment to ensure the safety of outdoor activities.



2. Supply Chain ESG Management and Supplier Empowerment Program

LONCIN attaches great importance to the sustainable development of its supply chain, integrating ESG principles into all aspects of supply chain management to build a green, efficient, and transparent supply chain system. By formulating strict supplier access standards, establishing a comprehensive ESG evaluation system, and conducting targeted empowerment training, LONCIN promotes continuous improvement of its suppliers in environmental, social, and governance aspects, thereby contributing to the high-quality development of the entire industrial chain.

1) Supply Chain ESG Management

LONCIN firmly believes that building a "green supply chain" is critical to its long-term competitiveness and fulfillment of social responsibility. LONCIN has fully integrated ESG principles into its entire lifecycle of procurement management and has formulated relevant systems such as the *Procurement Control Procedures*, *Supplier Access and Exit Management Measures*, *Supplier Contract and Management Manual*, and *Supplier Evaluation Management Measures*, which explicitly require suppliers to strictly comply with LONCIN's standards in environmental protection and social responsibility. LONCIN consistently requires suppliers to conduct operating activities in compliance with laws and regulations, effectively safeguarding employees' legal rights. Suppliers are required to organize regular training for employees to ensure employees are familiar with and comply with relevant laws and regulations, prohibit the use of child labor and forced labor, respect employees' freedom, and adhere to principles of equal employment. Additionally, suppliers must provide employees with a safe and healthy working environment, equip necessary medical facilities, and prevent harm caused by exposure to hazardous chemicals. By integrating ESG principles into the entire lifecycle of procurement management, LONCIN not only enhances the sustainability of its supply chain but also contributes to driving green transformation in the industry and promoting harmonious social development.

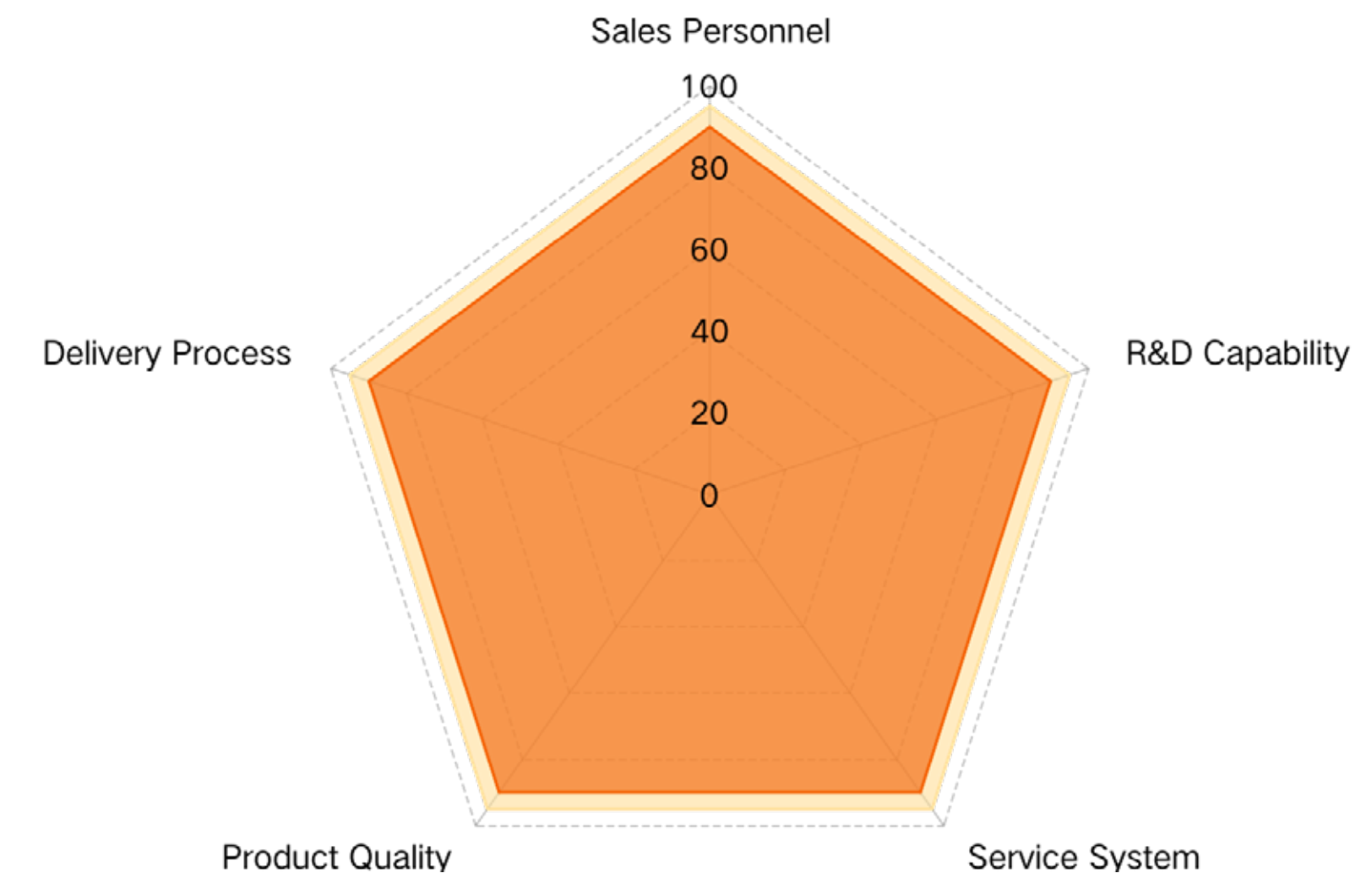
2) Supplier Conference

LONCIN deeply recognizes the importance of delivering a "green supply chain". LONCIN plans to hold a National Supplier Empowerment Conference in 2025 to promote the sustainable development of the supply chain. Through this conference, LONCIN aims to actively promote the joint implementation of green development principles between suppliers and enterprises, popularize fundamental ESG knowledge and information on sustainable supply chains, and provide suppliers with capacity building and knowledge empowerment. In addition, at the end of the year, the Company will conduct an excellent supplier evaluation activity by combining the materials reported by suppliers, and will award 100 "Green Supplier" partners and other honorary titles, to honor supplier partners with outstanding performance in low-carbon development, and to jointly promote the green transformation and high-quality development of the supply chain. Through these initiatives, LONCIN not only enhances its competitiveness in green manufacturing but also sets a benchmark for the sustainable development of the entire industry.

3. Customer Management and Satisfaction Enhancement Program

In 2024, LONCIN achieved remarkable success in customer management and satisfaction. According to the customer satisfaction survey results, over 95.71% of domestic and foreign customers highly recognized LONCIN across five key dimensions: sales personnel performance, R&D capabilities, service systems, product quality, and delivery processes.

In response to isolated cases where customer expectations were not fully met, LONCIN promptly developed improvement plans and implemented optimization measures. In addressing product complaints, LONCIN efficiently analyzed the root causes and promptly formulated corrective measures, ensuring a 100% on-time complaint resolution rate.



95.71%

domestic and foreign customers highly recognized

100%

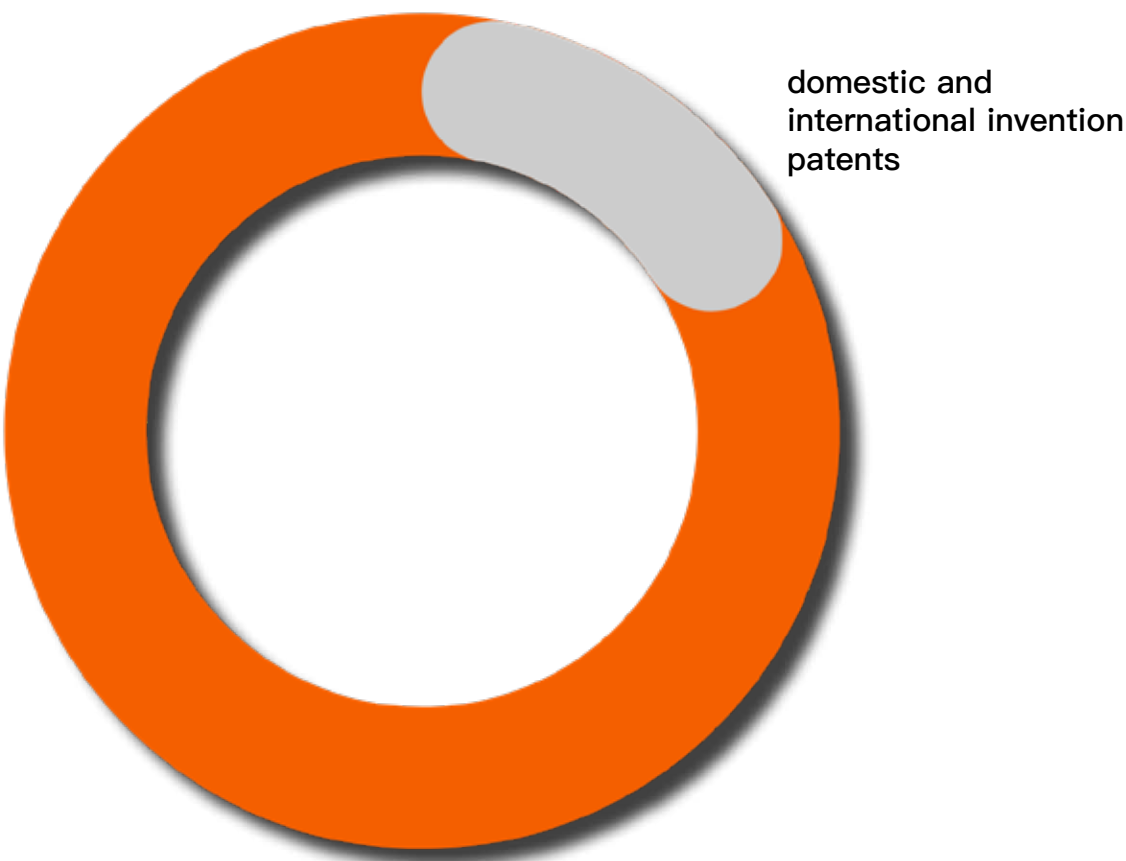
on-time complaint resolution rate

4. Property Rights Management

1) In 2024, LONCIN continued to advance technological innovation, achieving remarkable results and further consolidating its technological leadership position in the industry.

In 2024, LONCIN was granted 6,962 patents, including 578 domestic and international invention patents, demonstrating its strong technological reserves. Newly granted patents in 2024 totaled 217, covering domestic invention patents (58), utility model patents (73), and design patents (80 domestic and 6 international), continuously releasing its innovative vitality. Currently, LONCIN holds 1,591 valid patents, both domestically (1,576) and internationally (15), including 350 invention patents (347 domestic and 3 international), 664 utility model patents (663 domestic and 1 international), and 577 design patents (566 domestic and 11 international).

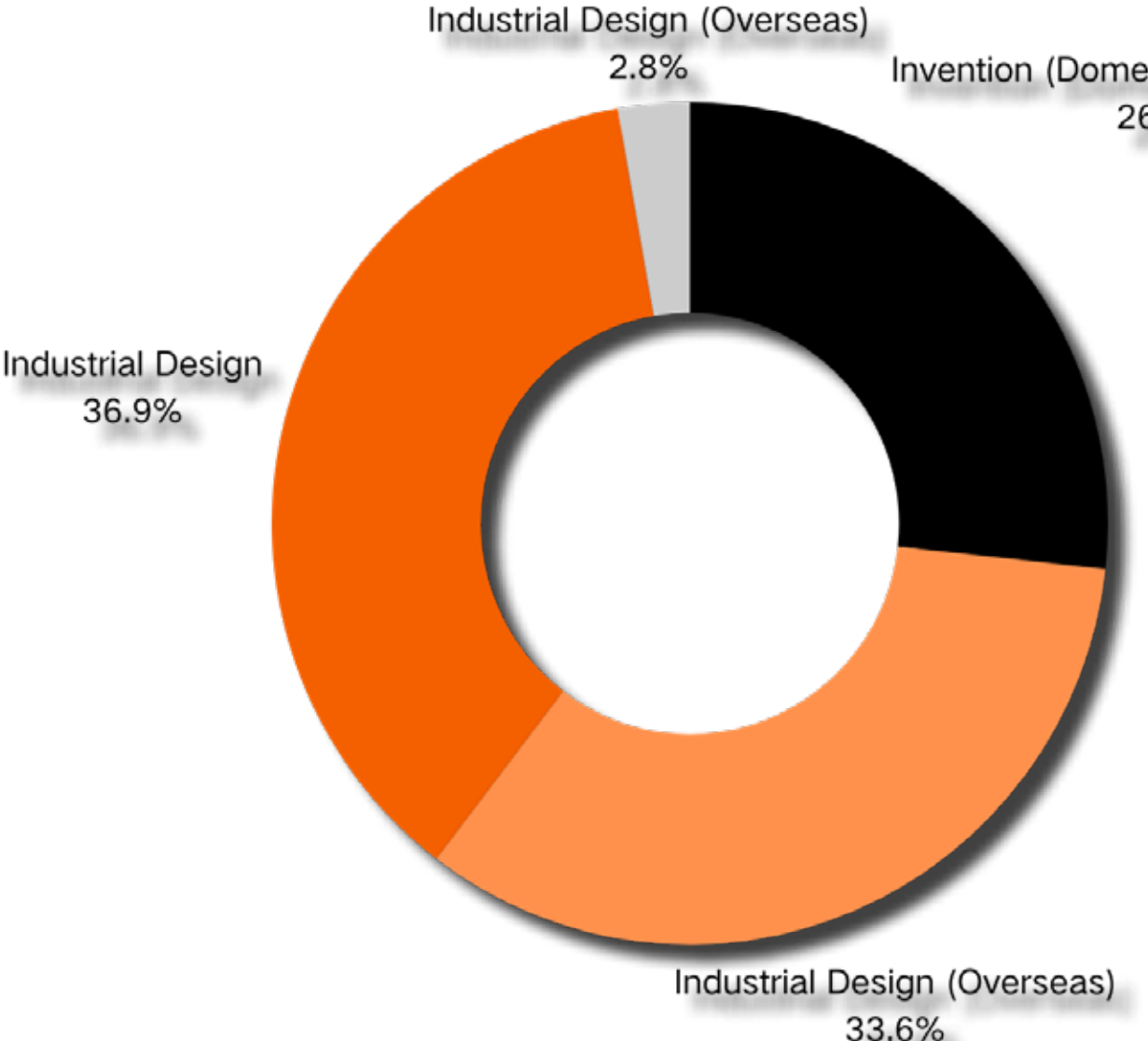
This forms a three-dimensional patent protection network primarily focused on domestic coverage while extending to key global markets, providing core support for product competitiveness enhancement and international strategy advancement.



2) LONCIN prioritizes intellectual property protection and has established a comprehensive management system to ensure the security and competitiveness of its intellectual property.

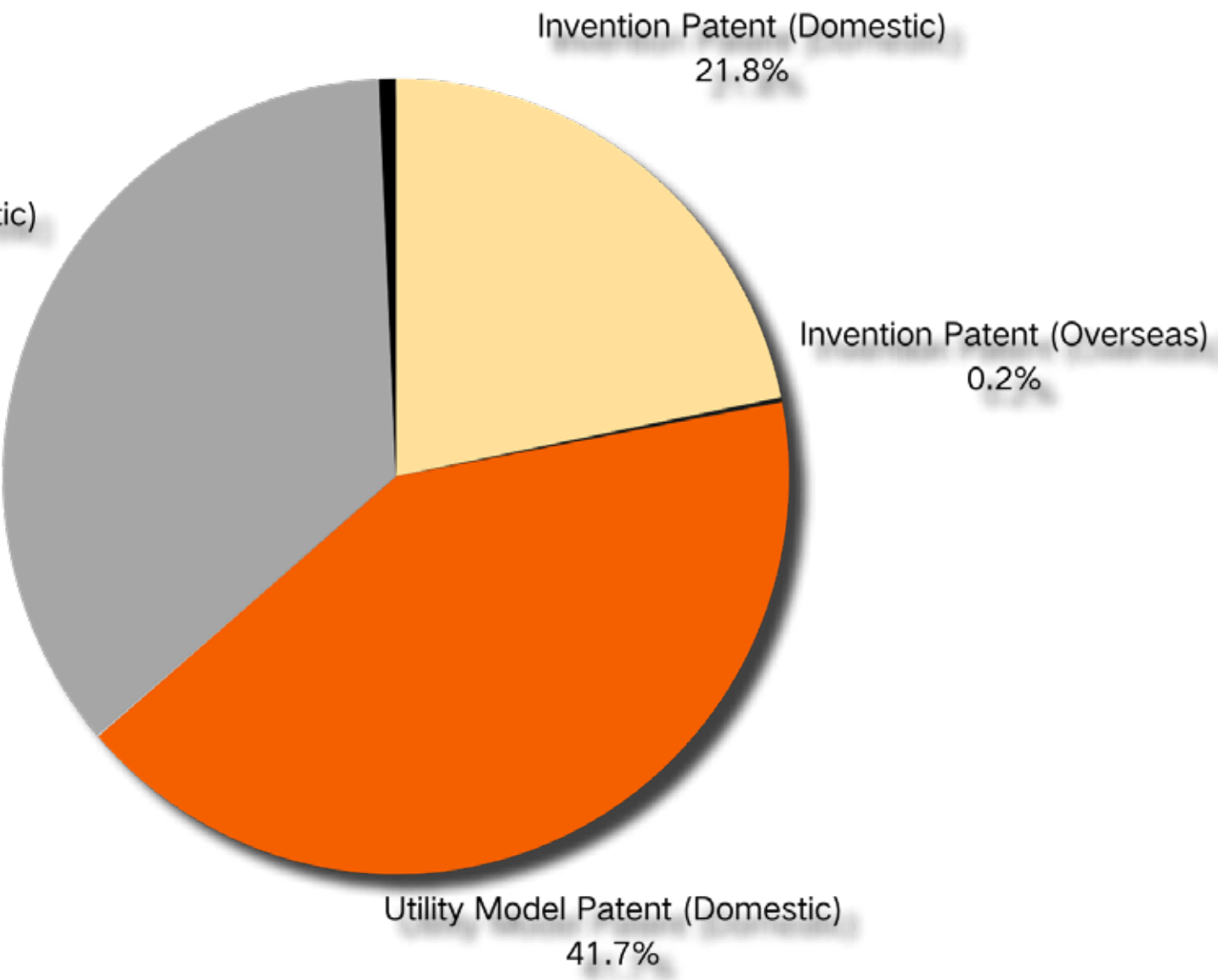
LONCIN effectively manages various types of intellectual property through a series of systems, including *Intellectual Property Management Measures*, *Patent Management and Work Manual*, *Property Rights Application Process*, *Property Rights Risk Search Process*, and *Intellectual Property Reward Management Measures*, integrated with LONCIN's OA system. The Legal Department of LONCIN successfully organized 10 specialized training sessions in 2024 to enhance the awareness of relevant departments regarding intellectual property and facilitate efficient intellectual property work. The training covered key areas such as patent disclosure writing, patent infringement interpretation, and intellectual property risks in cross-border e-commerce.

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) In 2024, LONCIN achieved outstanding results in the generator and engine sectors, accomplishing dual breakthroughs in product upgrades and market expansion through technological innovation and global cooperation.

In the generator sector, the RV7000 RV (recreational vehicle)-specific generator set, co-developed with a global industry leader, successfully completed prototype testing and received customer approval. It is expected to be officially launched in the first quarter of 2025. In the engine sector, LONCIN successfully developed multiple commercial vertical-axis engines, among which the CV170-2 has completed the project application in the third-largest customer in Europe, laying a solid foundation for LONCIN to further expand its commercial engine market and enlarge its market share.





Rural Revitalization and Community Outreach

- I
- II
- III
- IV
- V
- VI



While promoting high-quality development, LONCIN actively engages in rural revitalization and community integration practices and is committed to achieving long-term collaborative development between the enterprise and society. LONCIN actively responded to the national rural revitalization strategy, combined with its industrial advantages, and through multi-dimensional measures, including targeted procurement of agricultural products and establishment of intelligent counters for poverty alleviation through consumption, it helped rural economic development and environmental improvement, contributed to the integrated development of urban and rural areas and the modernization of community governance, demonstrating the Company's commitment and role in the fulfillment of its social responsibility.

1.Sustained Investment in Social Welfare Programs



As a corporation with a strong sense of social responsibility, LONCIN continues to uphold its corporate mission of "Serving through Industrial Development and Assuming Social Responsibility," actively fulfilling its role as a corporate citizen through practical actions that benefit society and support vulnerable groups.

In 2024, LONCIN actively participated in the "Caring for Disabilities, Sharing Sincere Companionship" public welfare fund-raising activity organized by the Chongqing Welfare Foundation for the Physically and Mentally Challenged, demonstrating the Company's compassion and sense of responsibility.

- LONCIN deeply understands that public welfare is not only an effective way to address social issues but also an important means for a corporation to undertake social responsibility and project positive energy. By participating in this public welfare fund-raising activity, the Company has not only provided practical help to families of the disabled but also further enhanced the sense of social responsibility and cohesion of its employees. At the same time, LONCIN also actively responded to the initiative of the activity, encouraging employees to participate in the sympathy activities, to transfer warmth through practical actions, and to create a sound atmosphere for assisting persons with disabilities to integrate better into society.

In addition, LONCIN supports public welfare through various means, including but not limited to providing employment opportunities for persons with disabilities, participating in community welfare services, and supporting education. LONCIN firmly believes that a corporation's value is not only reflected in its economic benefits but also its contribution to society and support for vulnerable groups. Through sustained investment in public welfare, LONCIN hopes to inspire more enterprises and social forces to engage in public welfare, collectively contributing to the creation of a more harmonious and inclusive society.

- Provide Employment Opportunities
- Community Public Welfare Services
- Support for Education and Industry

Going forward, LONCIN will continue to uphold the concept of "serving the country through industrial development and assuming social responsibility", actively participate in more public welfare programs, practice corporate social responsibility with practical actions, and contribute more to the sustainable development of society.



2.Rural Industry Support with Additional Channels



LONCIN actively responds to the national rural revitalization strategy by setting up poverty alleviation counters to help increase farmers' income and promote rural revitalization.

The Company has strategically deployed poverty alleviation counters in areas with dense populations and high consumption frequencies, such as corporate canteens and employee living areas.

Each counter is equipped with an intelligent temperature control system that precisely regulates the temperature, ensuring agricultural products are maintained at optimal freshness conditions, maximizing their quality and preservation state. Additionally, the counters thoughtfully display product origin information, enabling employees to learn about the rural stories behind the products while shopping, thereby strengthening the emotional connection associated with consumption-based support.

This initiative not only provides employees with convenient shopping channels to satisfy their demand for healthy and green agricultural products but also broadens the distribution channels of agricultural products in rural areas, promotes the development of the agricultural industry, and provides tangible support for farmers to increase their income. It serves as a vivid example of LONCIN empowering rural revitalization.



2024 年安全工作目标责任书

为加强公司安全生产工作管理，落实企业主体责任，防止各类事故的发生，保障职工的安全与健康，保证公司的安全稳定发展，结合公司的实际，根据《中华人民共和国安全生产法》等法律法规规定，公司与各单位第一责任人签订 2024 年安全工作目标责任书，具体内容如下：

一、责任目标

- 1 工伤事故指标见《2024 年度工伤事故考核方案》；
- 2 所辖区域死亡安全事故为零；
- 3 所辖区域火灾事故为零；
- 4 主责及以上道路交通死亡事故为零；
- 5 所有事故的管理改善措施 100% 落实；
- 6 政府监管部门通报、处罚数为零（含罚款、停产整改等）；
- 7 重大生产安全事故隐患整改率 100%，一般生产安全事故隐患整改率 95% 以上；
- 8 损失工时及以上瞒报事故为零。

二、工作要求

1. 各单位主要负责人是安全第一责任人，必须履行各自安全职责，牢固树立安全生产红线意识和底线思维，按照“管行业必须管安全、管业务必须管安全、管生产经营必须管安全”的要求，履职尽责，狠抓安全生产责任制落实，层层分解安全生产指标，明确和压实下属各部门及分管条线负责人的安全生产责任，强化各级管理者安全履职，全面提升安全生产工作水平。努力实现各类安全事故为零、职业病为零的管理目标。

2. 坚持系统策划，健全安全管理体系，落实“以员工为中心开展工作，以员工的安全行为、物的安全状态为主线，努力提升各级管理者、一线员工和协力安全体系三个层面的安全能力”的管理理念，持续推进安全标准化建设和设备设施本质化改善，改善生产作业条件，营造良好的安全文化氛围。

3. 进一步构建安全风险分级管控和隐患排查治理双重防控机制，扎实推进安全风险辨识及控制，有效防控各类安全风险。坚持问题导向，重心下移，强化安全过程管控。主动组织开展重大风险管控，突出工作针对性和有效性，提高安全风险防范能力，坚决遏制较大事故的发生。

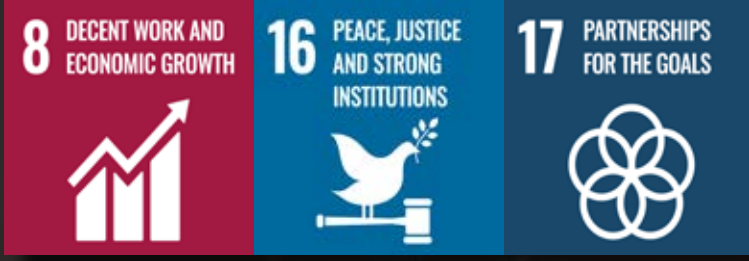
三、考核

1. 公司将结合以上目标完成情况和年度评分考核，对达到目标要求的单位进行表彰奖励，未达到目标要求的单位，给予处罚。
2. 构成犯罪的，由公安机关依法追究刑事责任。

四、其他

04 Compliance and Transparent Governance

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS



- I
- II
- III
- IV
- V
- VI

Reinforcement of Compliance and Corporate Governance Structure
Transparent Dialogue Targeting Specific Stakeholder Groups

Reinforcement of Compliance and Corporate Governance Structure

1. Promotion of the Leadership of Party Building

LONCIN maintains its original commitment to following the Party's guidance, thoroughly comprehending the guiding principles of the 20th National Congress, and fully implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, be self-confident and self-improvement. In 2024, LONCIN's Party-building work focused on its development goals, guiding Party members to play an exemplary vanguard in technological innovation, market expansion, and brand building.

1) Structure of the Party Organization

There are five Party branch committees under the general Party branch committees of LONCIN. There are 219 serving Party members, with an average age of 38. Of these, 75.23% have a bachelor's degree or above. This high-quality, youthful Party member team provides a solid foundation for the high-quality advancement of the Company's Party-building work.

2) Party History Education on a Regular, On-going Basis

The general Party branch committees of LONCIN have established a mechanism for the normalization and long-term institutionalization of Party history study and education, guiding Party organizations at all levels to thoroughly study the lines, principles, policies, fundamental theories, and basic knowledge of the Party. Through this mechanism, all Party members have engaged in an in-depth study of Party history, continuously strengthening their Party spirit cultivation and stimulating work enthusiasm. The achievements in the Party history study are effectively transformed into a strong driving force for the Company's development, injecting sustained vitality into the high-quality development of the Company.

(1) Organizing party lectures by the Party Branch Secretary

Through the initiative of the Secretary delivering Party lessons, Party members' awareness of integrity, self-discipline, and their sense of mission have been enhanced. To thoroughly study and implement General Secretary Xi Jinping's important speeches and instructions on Party discipline study and education, and to accurately grasp the objectives and key tasks of this education, the activity has effectively enhanced the integrity and self-discipline of all Party members in the branch, thereby building a robust ideological defense against corruption. In 2024, the general Party branch committees initiated and launched the activity of Party lessons by secretaries, and the secretaries of the general Party branch committees and each Party branch delivered Party lessons to Party members 16 times, delivering the latest theories, lines, principles, and policies of the Party to CPC Party members. Through this activity, it has effectively enhanced the awareness of integrity and self-discipline of Party members, built a firm ideological line of defense against corruption, guided Party members to establish a correct worldview, outlook on life and values, further enhanced the sense of mission and responsibility of Party members, and provided a solid ideological safeguard and disciplinary support for the promotion of high-quality development of the corporate.



Learning Activities:
Party Lessons
by Party Branch Secretaries



Learning Activities:
Party Lessons
by Party Branch Secretaries

(2) Strengthening and standardizing the "Three Meetings and One Lecture" system

Leveraging the "Three Meetings and One Lecture" system as a key tool to advance the in-depth and practical study of Party history. By conscientiously implementing the "Three Meetings and One Lecture" system, the general Party branch committees actively convey the line, principles, policies, and important deployment of the Party organization at the next level up, guides the Party branches to carry out study and work, and constantly strengthens the education and management of Party members, consolidates the foundation of Party building and improves the quality of Party building through the forms of general meetings, Party branch committees, Party group meetings and party lessons. In April 2024, the general Party branch committees organized and led all Party branches in conducting Party discipline study and education, further strengthening the sense of discipline and guiding Party officials to enhance self-restraint while consciously adhering to the Party's discipline and regulations. This activity has provided robust political and disciplinary support for the Company to be a vanguard of the Scientific Outlook on Development in practice.



Party Discipline Study and Education Activity in April 2024



Party Discipline Study and Education Activity in April 2024



Party Discipline Study and Education Activity in April 2024

(3) Conducting distinctive Party-building activities aligned with corporate strategy

Conduct distinctive party-building activities that align with corporate strategy to enhance the cohesion and fighting spirit of Party organizations. To celebrate the 103rd anniversary of the founding of the Communist Party of China (CPC), review its glorious history, and honor its monumental achievements, the Party General Branch carried out a series of themed activities titled "Carry forward the Revolutionary Traditions and Heritage" in 2024 to further enhance the cohesion and fighting spirit of Party organizations. The specific activities are as follows:

In January, the general Party branch committees of LONCIN held the "2024 LONCIN New Youth Forum" event. Outstanding youth representatives from different positions served as lecturers, sharing career experiences and life insights with nearly 200 young core employees and new graduate recruits. The activity inspired young employees to strengthen their commitment to serving the country through science, master professional skills, embrace innovation, integrate theoretical knowledge with practical work, continuously promote technological innovation and achievement transformation, and contribute to the Company's high-quality development.

In May, members of the Party committee, members of the general Party branch committees, secretaries of Party branches, and selected Party member representatives visited the Chongqing Jianchuan Museum to commemorate the outstanding merits of revolutionary martyrs, and deeply felt the fighting spirit, self-sacrifice, hard work, and relentless progress of the revolutionary predecessors. The activity inspired every Party member to strengthen their commitment to communist ideals and service to the people while enhancing their political responsibility and historical mission.

In June, the general Party branch committees organized care visits for Party members facing hardships on the eve of July 1st, delivering the warmth and care of the Party. These efforts ensured that members in need genuinely felt the support and solidarity of the Party organization, thereby consolidating the collective drive for progress.

The Company held the July 1st Review and Awards Ceremony and "My Story with LONCIN" Speech Contest in July. At the ceremony, "Outstanding Party Members" and "Exemplary Party Workers" from each Party branch were honoured, and three representatives of Party members delivered speeches on the stage, sharing their stories of growing up in the Company and their experiences and insights of growing up with the Company, demonstrating the exemplary and vanguard roles of the Party members in the development of the Company.



2024 LONCIN New Youth Forum



2024 LONCIN New Youth Forum



Visit Chongqing Jianchuan Museum to Commemorate the Outstanding Merits of Revolutionary Martyrs in May 2024



seminar



July 1st Review and Awards Ceremony and "My Story with LONCIN" Speech Contest



July 1st Review and Awards Ceremony and "My Story with LONCIN" Speech Contest



Anti-fraud Publicity and Training

(4) The general Party branch committees, trade union, and mass organization synergistically promote the sustained, healthy, and rapid enterprise development

To enhance the attractiveness, cohesion, operational capacity, and outreach of the general Party branch committees and mass organizations while invigorating employees' entrepreneurial passion and vitality, the Company continues to strengthen the mass organization with the general Party branch committees as the core and to promote the Company's sustained and healthy development.

To effectively popularize the prevention of telecommunication fraud knowledge, further enhance the preventive awareness and fraud identification ability of all employees, and effectively curb the infiltration of telecommunication fraud and other illegal and criminal activities to the Company, to maintain the safety and stability of the Company, on April 26th, 2024 the Company's general Party branch committees, in coordination with the trade union, and together with the People's Government of Bafu Township and Bafu Township Police Station, held an anti-fraud publicity and training activity.

2024年秋季产业工人学历提升“隆鑫班”开班典礼



Opening Ceremony of the "LONCIN Class" for Educational Qualification Improvement

Through this training, employees have a deep understanding of the harm of telecommunication fraud, mastered the practical skills of prevention, their awareness and ability to prevent fraud has been significantly improved. To facilitate both "educational qualification" and "professional competency" enhancement of industrial workers, the grand opening ceremony of the "LONCIN Class" for the educational qualification improvement of industrial workers in autumn, which was meticulously planned and prepared jointly by the Human Resources Department, the trade union, and the general Party branch committees of the Company, was held on October 31st, 2024.

The successful opening of the "LONCIN Class" has built a broad learning and growth platform for industrial workers, allowing them to enhance their professional skills and comprehensive quality while upgrading their educational qualifications, truly achieving the goal of "gaining both knowledge and diplomas simultaneously". This not only injects strong talent power for the Company's high-quality development but also builds solid talent support for the construction of new socialist Chongqing and the "33618" modern manufacturing cluster system, demonstrating the Company's active role in talent cultivation and social responsibility.

2.Board ESG Oversight Mechanism and Governance Structure Improvement

1) ESG Governance

With increasing global attention to sustainable development, ESG has become an important standard for measuring an enterprise's ability to develop sustainably. The Company actively responds to the national "Carbon Peaking and Carbon Neutrality" policy and meets the sustainability demands of both domestic and international markets.

The Company has established an ESG Management Leadership Group, the highest decision-making body for ESG management, led by the Chairman. The main responsibilities of the Leadership Group include the comprehensive review, decision-making, and supervision of major ESG matters, including the Company's ESG governance structure and systems, ESG strategy, ESG risks, ESG reports, ESG plans, climate change risk impacts, and response measures. Under the Leadership Group, a working group has been set up to implement specific tasks. The working group comprises the following departments: Operations Management Center, Strategic Management Center, Securities Affairs Center, Financial Management Center, Organization and Human Resources Center, Digitalization Center, Manufacturing Technology Center, Technology Center, Party and Community Affairs Center, Risk Management Center, and General Manager Office.. The Securities Affairs Center is responsible for coordinating the Company's ESG-related work, which includes establishing the governance structure, preparing reports, planning activities, organizing training, identifying and enhancing ESG topics, and reporting the work progress to the Leadership Group. The management platform designates ESG liaisons to cooperate, implement management plans, coordinate stakeholders, systematically manage topics, collect and report information, and actively participate in training.

In 2024, the Company actively implemented ESG measures to ensure that its environmental, social, and corporate governance objectives were met. The specific measures are as follows:

- Practicing green manufacturing and leading industry standards. In terms of environmental management, the Company was awarded the title of "National Green Factory" in 2024. This honor not only represents high recognition of the Company's long-term efforts in green manufacturing but also highlights its leading position in promoting sustainable development within the industry.
- With win-win as the core, to promote the common development of the brand and employees. In terms of social responsibility, the Company actively advanced its global brand strategy in 2024, continuously enhancing brand value and channel quality. With its outstanding performance in the consumer sector, the Company was awarded the title of "The Listed Company with the Most Growth in Large Consumption" in the 14th China Listed Company Reputation Ranking, demonstrating its robust market competitiveness and positive reputation.
- Optimizing structure and strengthening internal controls and risk management. In terms of corporate governance, the Company successfully completed the re-election of its fifth Board of Directors on August 29th, 2024, injecting new vitality into its steady development. By optimizing the structure of the Board of Directors, the Company can better formulate strategic plans and improve decision-making efficiency while also strengthening internal control and risk management to ensure the compliance and soundness of its operations.
- Enhancing transparency and boosting investor confidence. In terms of information disclosure and communication, the Company maintained close interaction and communication with investors through various channels, ensuring that investors could promptly and comprehensively understand the Company's value and strategic direction. In 2024, the Company proactively prepared and disclosed the Environmental, Social, and Governance (ESG) Report 2023, conveying its firm commitment and practical actions in sustainable development through high-quality information disclosure.

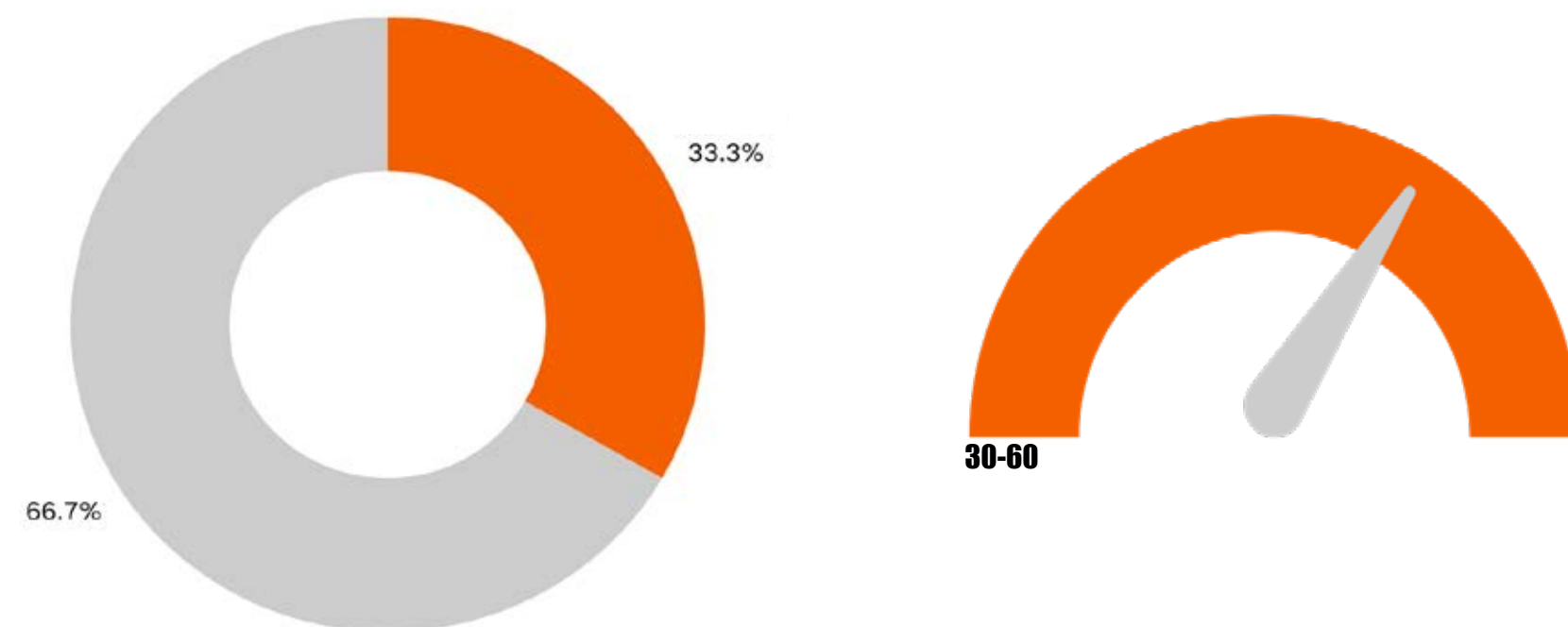
2) Governance Structure

To ensure the achievement of the Company's sustainable development goals, the Company strictly adheres to relevant laws and regulations, including *the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Constitution of the Communist Party of China*, as well as the listing rules and the requirements of securities and futures management regulations of the Shanghai Stock Exchange, to standardize corporate governance and management practices. Relying on the governance structure of the General Meeting and the Board of Directors, the Company steadily promotes standardized operations. On this basis, the Company continuously improves its internal management systems and processes, refines the *Articles of Association*, and strengthens compliance operations. These measures effectively elevate the level of corporate governance and enable the Company to address the various risks and challenges encountered during its operations and business development, thereby providing a solid guarantee for the Company's healthy and stable growth.

(1) Optimizing governance organizational structure

According to the *Articles of Association* of LONCIN, the general meeting is the highest authority of the Company and exercises its powers in accordance with the law. The Company's Board of Directors has established the Strategy and Investment Committee, Audit and Risk Control Committee, Nomination Committee, Remuneration and Appraisal Committee, Budget Management Committee, and Related Transaction Committee.

- On August 29th, 2024, the Company held its first extraordinary general meeting of 2024, successfully completing the re-election of the Board of Directors and the Supervisory Board. The meeting considered and passed the *Proposal for Re-election of the Board of Directors and Election of Non-independent Directors for the Fifth Session of the Board of Directors, Proposal for Re-election of the Board of Directors and Election of Independent Directors for the Fifth Session of the Board of Directors, and Proposal for Re-election of the Supervisory Board and Election of Non-employee Supervisors*, completing the re-election of the Board of Directors and the Supervisory Committee, electing the members of the Fifth Session of the Board of Directors and the Supervisory Committee, and identifying the members of the various specialized committees. As of December 31st, 2024, the Board of Directors of LONCIN comprises 9 directors, including 3 independent directors (33.33%). The age of members of the Board of Directors ranges from 30 to 60 years old, forming a tiered structure of senior, middle-aged, and young members. Over 80% of the directors hold postgraduate degrees or higher, with diverse professional backgrounds covering multiple fields such as finance, law, and management, enabling the Company to receive comprehensive and professional guidance, effectively enhancing corporate governance levels, and providing solid intellectual support and decision-making assurance for the Company's healthy and stable development.



Board of Directors¹⁰ Information Table

Name	Gender	Year of birth	Position	Political affiliation	Educational qualification	Professional Committee Appointments
Li Yao	Male	1964	Chairman	Common citizen	Master of Management	Chairman of the Strategy and Investment Committee, Member of the Nomination Committee
Gong Hui	Male	1970	Director	Common citizen	Master of Business Administration	Member of the Strategy and Investment Committee
Hu Xian yuan	Male	1972	Director	Common citizen	Master of Engineering	Member of the Remuneration and Appraisal Committee, Member of the Budget Management Committee, Member of the Strategy and Investment Committee
Huang Peiguo	Male	1976	Director	Common citizen	Master of Economics	Member of the Related Transactions Committee, Member of the Strategy and Investment Committee
Jiao Yiyang	Male	1986	Director	CPC Party Member	Master of Science	Member of the Related Transactions Committee, Member of the Strategy and Investment Committee
Liu Zhao	Male	1988	Director	Common citizen	Master of Engineering Science	Member of the Strategy and Investment Committee
Yang Zeyan	Male	1965	Independent Director	CPC Party Member	Master of Laws	Chairman of the Related Transactions Committee, Chairman of the Remuneration and Assessment Committee, Member of the Audit and Risk Control Committee, Member of Nomination Committee, Member of the Budget Management Committee, Member of the Strategy and Investment Committee
Chen Dingwen	Male	1971	Independent Director	Common citizen	Master of Accountancy	Chairman of the Audit and Risk Control Committee, Chairman of the Budget Management Committee, Member of the Strategy and Investment Committee, Member of the Related Transactions Committee, Member of the Remuneration and Assessment Committee
Liu Jianxin	Male	1979	Independent Director	CPC Party Member	Doctor of Management	Chairman of the Nomination Committee, Member of Strategy and Investment Committee, Member of the Related Transactions Committee, Member of the Audit and Risk Control Committee

¹⁰ The committees under the Board of Directors of the Company have been adjusted and newly established in accordance with the changes in functions. On the one hand, the former Strategy Committee and Audit Committee have been adjusted to become the Strategy and Investment Committee and the Audit and Risk Control Committee; on the other hand, the Budget Management Committee and the Related Transactions Committee have been newly established. After the newly established and adjusted committees under the Board of Directors of the Company, the main composition includes the Strategy and Investment Committee, Audit and Risk Control Committee, Budget Management Committee, Related Transaction Committee, Nomination Committee, and Remuneration and Appraisal Committee.

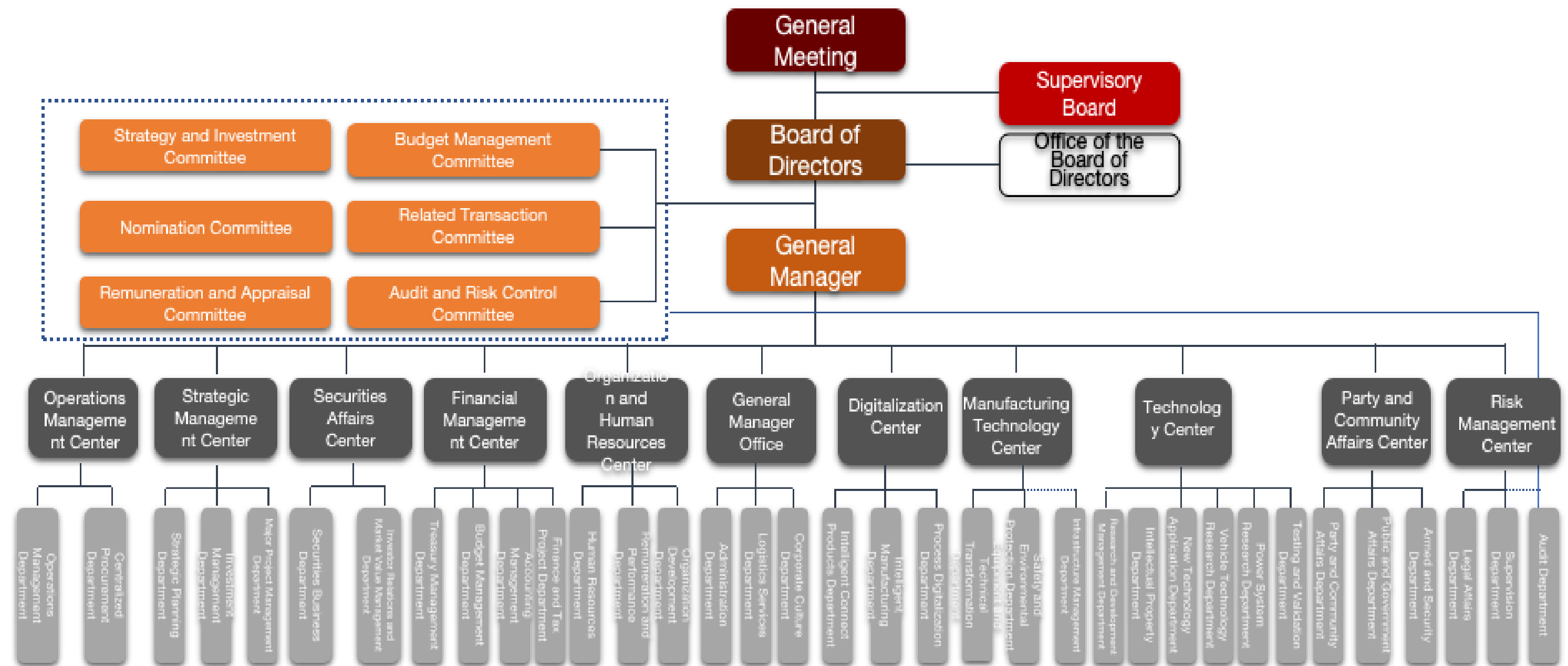
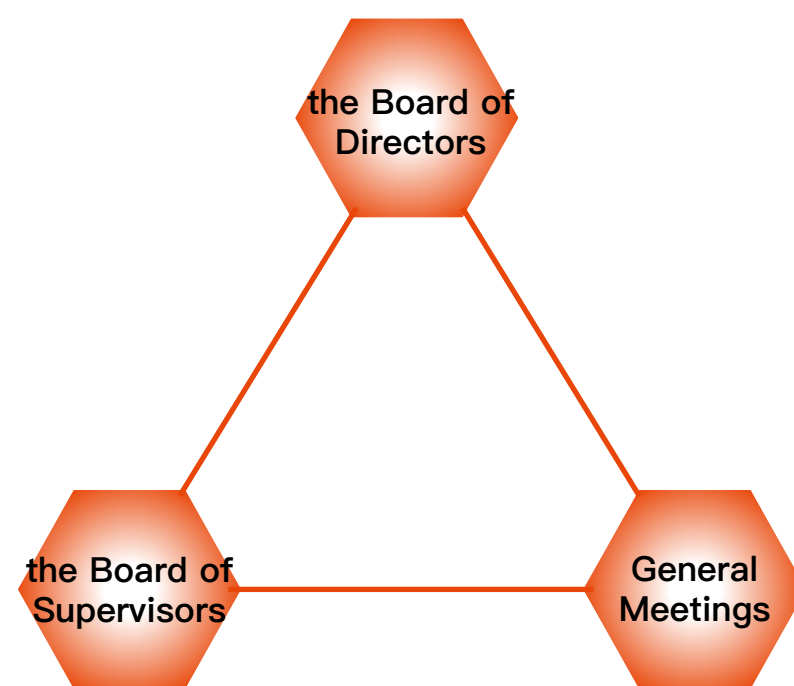
(2) Increasing synergy of Three Corporate Governance Bodies

In 2024, the efficient operation of the "Three Corporate Governance Bodies" mechanism, i.e., the synergy of the Board of Directors, Board of Supervisors, and General Meeting of Shareholders, was the guarantee for the scientific and legitimate decision-making of the Company. In selecting and recruiting directors, supervisors, and executives, the Company prioritized professional competence and a sense of responsibility, ensuring leadership stability and steady operations. In terms of remuneration management of directors, supervisors, and senior management, the Company has established a scientific and reasonable incentive mechanism, closely linking the remuneration of senior management with the overall performance of the Company, to fully motivate them to invest more energy and wisdom in the long-term development of the Company, and to realize the co-development of individuals and the Company.

In 2024, the Company held 4 General Meetings, 5 Board of Directors meetings, 1 Strategy Committee meeting, 5 Audit Committee meetings, 2 Nomination Committee meetings, 1 Remuneration and Appraisal Committee meeting, 3 Independent Directors' special meetings, and 4 Board of Supervisors meetings. The attendance rate of the Board of Directors, various special committees, and the Board of Supervisors was 100%, ensuring timely and effective decision-making of the Company and providing strong support for the Company's high-quality development.

100%

attendance rate



To strengthen the Company's headquarters management functions and align with strategic development needs and internal control requirements, the subordinate committees of the Board of Directors and the original organizational management structure underwent adjustments and additions in February 2025 based on functional changes and strategic development needs. The committees were reorganized from the original four: Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee, into six committees.

Additionally, the Company restructured its departments to comprise ten Centers and one Office, specifically: Operations Management Center, Strategic Management Center, Securities Affairs Center, Financial Management Center, Organization and Human Resources Center, Digitalization Center, Manufacturing Technology Center, Party and Community Affairs Center, Risk Management Center, and General Manager Office. Various functions have been split, supplemented, and optimized in this process.

3. Anti-corruption Compliance System and Data Security Protection

In active response to the call of the CPC Central Committee and the State Council to "Build Law-based and Integrity-driven Private Enterprises," the Company upholds a high level of political consciousness and commitment to responsibility. It has comprehensively carried out initiatives to construct an integrity private enterprise system and foster an integrity culture, aiming to regulate the integrity in the professional conduct of leaders at all levels and employees. These efforts effectively safeguard the Company's interests and ensure its healthy and sustainable development.

1) Enhancement of the Integrity System

The Company has established a standardized and transparent integrity system that forms the foundation for sustainable development. In November 2024, the Company revised and improved its *Integrity Management System*, which clearly outlines detailed anti-corruption requirements for employees and business partners such as suppliers and strictly prohibits any form of bribery, thereby establishing a robust institutional defense line for integrity. The Human Resources and Corporate Management Department of the Company has set up a file on integrity employment, regarding their integrity performance as an important basis and component for performance evaluation, appointment, and promotion. This initiative not only reinforces supervision mechanisms for integrity and self-discipline but also motivates employees to consciously comply with integrity regulations, preventing violations and disciplinary incidents from their roots and ensuring that they abide by the law and maintain self-awareness.

In 2024, leaders in charge of various business departments at the Company's headquarters, general managers of each entity, and leaders in charge of procurement and quality at each entity signed the *Integrity Commitment Letter*. They solemnly pledged to abide strictly by national laws, regulations, and the Company's rules and regulations, resolutely resist commercial bribery, refrain from seeking improper benefits through their positions, and effectively safeguard the Company's interests. This action highlights the determination of the Company's leadership to be integrity and disciplined, and sets an example for all employees. To enhance the influence of the integrity culture, the Company has arranged publicity boards in prominent positions such as the employee cafeteria, publicized the institutional setup of integrity private enterprises, integrity management system, tip-off and complaint channels, compliance management, common types of job-related crimes and the consequences of violation of the law, and so on. Through such vivid and visualized publicity, the Company has successfully fostered a strong atmosphere of integrity culture, and the publicity effect is equivalent to providing systematic integrity training to over 1,000 employees.

In July 2024, the Company invited the People's Procuratorate of Jiulongpo District to conduct a legal awareness campaign on "Safeguarding Businesses and Protecting Enterprises." Through analysis of actual cases, the campaign highlighted how common legal violations harm corporate interests, prompting the corporation to strengthen its institutional system further, eliminate management vulnerabilities, and prevent corruption. This campaign not only enhances the employees' legal awareness but also creates a clean and positive business environment for the Company.

2) Establishment of Smooth Whistleblowing Channels

Accessible tip-off channels are a crucial tool for corporates to strengthen internal management, prevent risks, and enhance compliance. To ensure that the tip-off channels operate efficiently, the Company has formulated and implemented the *Company Complaint and Whistleblowing Mailboxes Management Measures* and has actively built a diversified tip-off platform, set up a complaint and tip-off mailboxes and publicized them on the official website and the internal office platform, and widely accepted the tip-offs and complaints of the Company's employees and outsiders on the Company's employees' violation of the integrity of the behavior. The Company solemnly commits to keeping the personal information of reporters and complainants strictly confidential, ensuring their legal rights are protected, and eliminating any concerns about retaliation.

If any behavior that violates the Company's compliance, relevant laws and regulations, or other stipulations is identified, tip-offs can be submitted either with full identification or anonymously through the following channels:
Email: tousu@loncinindustries.com



The Company Invited the People's Procuratorate of Jiulongpo District to Conduct a Legal Awareness Campaign on "Safeguarding Businesses and Protecting Enterprises."

1,000+

equivalent to providing systematic integrity training to over 1,000 employees.

4. Risk Management and Internal Control

I
II
III
IV
V
VI

In a complex and ever-changing global economy, factors such as the uncertainty of Sino-U.S. trade relations, an uneven global economic recovery, geopolitical conflicts, exchange rate fluctuations, and rising raw material costs due to global inflation may pose potential threats to the Company's export business and market confidence. In facing these internal and external challenges, the construction of the Company's risk management system and internal control is fundamental and crucial to dealing with internal and external risks and safeguarding its stable and robust operation. In compliance with relevant laws and regulations, the Company continuously strengthens its risk control measures and refines its internal control management systems and frameworks. Through systematic mechanisms for risk identification, assessment, and response, the Company enhances its strategic resilience in a complex and volatile market environment, thereby promoting sustained and stable growth.

further optimize its risk management structure

Three Lines of Defense in Risk Management

1) Comprehensive Risk Prevention and Control

● (1) Risk management structure

The Audit Committee is the highest deliberative and decision-making body for risk management, with the Office of the Board of Directors assisting in its related work. In September 2024, the Company optimized its risk management structure and officially established the Risk Control Department. As the daily operational body set up by the Audit Committee, the Risk Control Department is primarily responsible for internal auditing and risk control within the Company. According to the annual audit plan approved by the Audit Committee, the department conducts various routine operational audits, special audits, exit audits, closed-loop supervision of audit issue rectifications, and supervision of risk control over critical business processes. In addition, the department reviews and evaluates the appropriateness and effectiveness of the Company's business activities, internal controls, and risk management to promote improved governance, add value, and achieve goals. The Risk Control Department reports annually to the Audit Committee on the management of significant risks and the operational effectiveness of the risk management system and is subject to the Audit Committee's review and supervision.

In the same year, the Company renamed the Intellectual Property Department and adjusted it to the Legal Department, further integrating legal resources and ensuring professional and systematic legal work.

In 2025, the Company will further optimize its risk management structure by restructuring the Audit Committee into the Audit and Risk Control Committee and formulating and issuing *the Work Regulations of the Audit and Risk Control Committee of the Board of Directors*. Under the Audit and Risk Control Committee, the Audit Department will be established and tasked with internal auditing and risk control. Additionally, the Risk Management Center will be established, comprising the Legal Affairs Department and the Supervision Department, which will primarily handle legal affairs and supervision management.

● (2) “Three Lines of Defense” in Risk Management

The Company places great emphasis on building its risk management system. Under the leadership of the Board of Directors, it has established a risk management organizational structure consisting of “three lines of defense”, namely, the business department defense line, the internal supervision and monitoring defense line, and the internal audit defense line, clearly defining the levels and division of responsibilities for risk management.

First Line of Defense: Business Department Defense Line

The defense line of business departments is mainly composed of the Company's business departments or subordinate entities, which are responsible for the daily operation and management of front-end departments. As the primary risk responders and main parties responsible, these departments autonomously identify major risks in their business processes and design corresponding risk response measures. By integrating with the Company's operations and risk management work, these departments establish and maintain appropriate structures and processes to ensure that all business activities comply with legal, regulatory, and ethical requirements. These departments achieve closed-loop risk management through risk identification, assessment, and implementation of response measures.

Second Line of Defense: Internal Supervision and Monitoring Defense

The internal supervision and monitoring defense line is mainly composed of the Company's finance, quality, legal, safety, risk control, and other related departments, which provide professional knowledge, support, and supervision for the matters related to risk management of the first line of defense, put forward reasonable suggestions, and are responsible for planning and supervising the risk management work and improving the risk management system in combination with the corresponding business processes.

Third Line of Defense: Internal Audit Defense Line

The Audit Committee and the Audit Department of the Board of Directors have established the third line of defense for risk management and control. The Audit Department regularly audits various businesses of the Company to provide independent evaluation and assurance on the risk points existing in relevant businesses and the effectiveness of internal control. Additionally, the Audit Department continuously monitors and manages the identified risks and tracks and supervises the improvement and enhancement of internal control by the management of the Company. Moreover, the Audit Department reports quarterly to the Audit Committee of the Board of Directors to ensure the independence of audit work. The internal audit defense line provides independent and objective confirmation and consultation for the accuracy and effectiveness of corporate governance and risk management, driving the improvement of the risk management system.

Based on the Risk Classification Framework and risk assessment standards, the Company regularly conducts internal and external risk identification in six areas: strategic risk, market risk, operational risk, financial risk, legal risk, and social responsibility risk. The Company develops differentiated response strategies for risks of varying categories and impact levels and continuously improves risk management processes based on assessment results to achieve closed-loop risk governance. The Company integrates ESG risk control measures into its internal control and risk management system, optimizing and consolidating risk review and resource allocation, and strengthening its risk response and control capabilities in the field of sustainable development.

2) Internal Control

1) Continuously enhancing the internal control system

The Company attaches great importance to its internal control. In strict adherence to the *Company Law of the People's Republic of China*, the *Basic Norms for Enterprise Internal Control* and its supporting guidelines, as well as the internal control supervision requirements of the China Securities Regulatory Commission, the Shenzhen Stock Exchange, and other relevant bodies, the Company has established a comprehensive internal control system tailored to its unique circumstances, characteristics, and management needs, which is continuously refined and enhanced. During the reporting period, the Company further strengthened its system development, continually optimized management systems such as the Internal Audit System, enhanced internal control processes across various stages, and improved the internal control process manual. Additionally, the Company integrates aspects such as corporate internal control risk prevention, division of responsibilities and authorities, and task allocation into the internal control process descriptions, thereby promoting the effective operation of the internal control system.

Implementation and Management

Dual-Track Monitoring Model

Internal and External Training Mechanism

Scientific Internal Control Evaluation Mechanism

Independent Audit

2) Setting great store by internal audit

The Company attaches great importance to the implementation and management of internal audits. According to the *Audit Law of the People's Republic of China*, the *Regulations of the Audit Office on Internal Audit Work*, the *Basic Standards on Internal Audit* and its specific guidelines, the *Basic Norms for Enterprise Internal Control* and its supporting guidelines, and other relevant national laws and regulations, the Company has established the *Internal Audit System*. The Company clearly defines the Risk Control Department as the main responsible department of internal audit, giving it the functional role of independently exercising audit authority. According to the annual audit plan approved by the Audit Committee, the Company conducts various routine operational audits, special audits, and exit audits. Through closed-loop supervision of audit issue rectifications and supervision of risk control over critical business processes, the Company reviews and evaluates the appropriateness and effectiveness of its business activities, internal controls, and risk management to promote improved governance, add value, and achieve goals. The Audit Department reports its work to the Audit and Risk Control Committee annually, which guides, supervises, and evaluates the internal audit work.

In terms of internal monitoring, the Company has established a dual-track model that combines daily monitoring with special monitoring to ensure comprehensive, multi-layered risk control. Daily monitoring covers management-level supervision and entity-level supervision, which involve reviewing risk analysis reports and holding special meetings to monitor daily operations and promptly identify and resolve potential issues. Special monitoring focuses on the Company's development strategy and major projects, conducting targeted inspections to ensure effective identification and control of risks in core business areas, thereby safeguarding the achievement of strategic objectives.

The Company attaches great importance to enhancing the professionalism of its audit personnel. It has established a comprehensive internal and external training mechanism to ensure that the audit personnel can fully master the Company's internal management system, such as its work rules and regulations and work manuals, as well as the latest industry audit standards and methods. In 2024, the Company selected audit personnel to participate in business skills training organized by the Shanghai National Accounting Institute. This training not only provided them with cutting-edge risk control insights but also significantly improved their professional proficiency and overall capabilities, injecting new vitality into the Company's internal audit work.

The Company has formulated a scientific internal control evaluation mechanism, which includes self-evaluation by headquarters departments, self-evaluation by affiliated entities, annual inspection evaluations, and special inspection evaluations to comprehensively and systematically assess the effectiveness of internal controls. For identified issues, the Company promptly proposes improvement suggestions and measures to drive continuous optimization of the internal control system. At the same time, the Company has engaged an annual accounting firm to conduct an independent audit of the internal control and issue a self-assessment and external audit report, to further enhance the internal control level of the Company with the help of external professional forces and build a solid foundation for the sound development of the Company.

5. Tax Transparency

The Company consistently upholds a strong sense of responsibility and the principle of transparency by fully and promptly disclosing tax-related information to the public through various channels, including regular reports, equity distribution announcements, and major matters disclosure. The Company strictly follows the national tax policy to ensure the legality and standardization of tax treatment. At the same time, relying on the Company's independent financial accounting system, the accuracy and transparency of financial data are guaranteed. Moreover, the Company actively maintains close communication with investors, promptly addressing market concerns and further strengthening investors' trust in the Company's tax management.



Transparent Dialogue Targeting Specific Stakeholder Groups

1. ESG Communication and Information Disclosure Mechanism Specific to Investors

1) Investor Relations Management

To strengthen information communication between the Company and its investors, improve corporate governance structure, and effectively protect the legal rights and interests of investors, especially those of public investors, the Company has formulated the *Investor Relations Work System in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Stock Listing Rules of the Shanghai Stock Exchange, the Work Guidelines for the Investor Relations of Listed Companies*, and other relevant laws, regulations, as well as the provisions of the Articles of Association.

The Company attaches great importance to investor relations, follows the principles of openness, fairness, and impartiality, and is committed to building an efficient and transparent investor relations management system to promote effective communication and interaction between the Company and investors. For this purpose, the Company has established a multi-channel and multi-level communication system, including results announcement, the SSE e-interactive platform, Investor Reception Day, investor hotlines, on-site research, online communication platforms, regular reports, and other means to ensure that investors can conveniently obtain information and participate in the communication. In 2024, the Company actively engaged in investor relations activities. It hosted over 80 investor surveys and reverse roadshows, participated in more than 15 securities firm strategy meetings, and conducted nearly 50 reverse roadshows. Additionally, the Company organized 3 results announcements and 1 Investor Reception Day. It responded to over 200 investor inquiries, addressed nearly 50 questions on interactive platforms, handled more than 20 investor phone calls, and replied to 5 investor emails. The Company not only promptly addressed market concerns but also further strengthened investors' trust and confidence in the Company's management.

In 2024, the Company actively upheld the concept of protecting the rights and interests of small and medium-sized investors. It conveyed its commitment to steady operations and sustainable returns through cash dividends. The Company distributed RMB 821 million in cash dividends, providing investors with continuous, stable, and reasonable returns, effectively safeguarding their legal rights and interests.

80

investor surveys and reverse roadshows

15

securities firm strategy meetings

50

reverse roadshows

3

results announcements

1

Investor Reception Day

200

investor inquiries

50

addressed questions on interactive platforms

20

handled investor phone calls

5

replied investor emails

I
II
III
IV
V
VI



隆鑫通用动力股份有限公司 2024年半年度业绩说明会

公司简称：隆鑫通用 公司代码：603766

支持平台：上证路演 | 2024年09月25日 上海证券交易所

2) Information Disclosure Mechanism

The adoption of an information security management system is a strategic decision by the Company to comprehensively improve its information security management capabilities, ensure the confidentiality, integrity, and availability of information, and give stakeholders confidence that risks are being adequately managed. The Company's information security principle is full participation, scientific prevention, and control to safeguard information assets and support continuous business operations.

The Company attaches great importance to information security management, considering it a key factor in guaranteeing business continuity and data security. In 2024, the Company implemented *the Information Security, Cybersecurity and Privacy Protection – Information Security Management Systems – Requirements (ISO/IEC 27001:2022)* and TISAX VDA ISA 6.0 standards and comprehensively carried out the construction of the information security management system. By establishing, implementing, and continuously improving the documented information security management system, the Company has formulated the Information Security Management Manual, which provides programmatic guidance for information security management.

The *Information Security Management Manual* is a regulatory document of the Company that specifies the information security management principles, objectives, and specific requirements. The manual's formulation realizes the effective operation and continuous improvement of the information security management system and embodies the Company's commitment to society. The Company's information security objectives are ① 0 incidents/year for confidential/secret information leakage; ② ≤ 3 Incidents/year for business system failures affecting production operations; ③ 0 incidents/year for abnormal disconnection of the backbone network for more than 4 hours; and ④ 0 incidents/year for the Company's major information security incidents.

0 incidents/year
confidential/secret information leakage

≤3 incidents/year
business system failures affecting production operations

0 incidents/year
abnormal disconnection of the backbone network for more than 4 hours

0 incidents/year
Company's major information security incidents

In 2024, the Company conducted information security knowledge training for all employees and organized 4 information security training sessions to deepen employees' awareness of information security. For new employees, the Company focuses on strengthening the confidentiality regulations and, through the sharing of classic cases of information leakage, to help them learn from actual cases, enhance their awareness of prevention, and build a firm "first line of defense" of information security.

In addition, the Company has customized a diverse range of targeted information security training courses based on the diversity of positions and responsibilities. The content covers practical exercises on cybersecurity defense, the introduction of a data security baseline, knowledge sharing on data cross-border, the identification and sorting out of important information assets, and the systematic construction of data security. Through precise training, the Company comprehensively enhances employees' risk management and control capabilities and builds a more solid information security defense line.

With regard to the operation and maintenance of the information system, the Company has taken a series of measures to ensure the normal, reliable, and secure operation of the system. The Company continuously improves the system, optimizes resource allocation, extends the life cycle of the system, and enhances the vitality of the system to adapt to the ever-changing business demands and technological environment. Through continuous technology upgrades and management optimization, the Company provides strong protection for business continuity and data security.



3) Strategies for Coping with Extreme Weather

The frequent occurrence of extreme weather events has posed numerous challenges to the Company's supply chain, including production disruptions, logistical blockages, raw material shortages, rising costs, and dramatic fluctuations in market demand, which not only increase operational uncertainty but also pose a serious test to the Company's sustainable development. To effectively mitigate the risks posed by extreme weather, the Company has adopted a series of forward-looking strategies and is committed to improving the resilience and robustness of its supply chain.

- Firstly, the Company has implemented a diversified procurement strategy to reduce its reliance on a single supplier by establishing long-term relationships with suppliers of different regions and sizes and to ensure that it can quickly switch to a backup supplier in the event of supply disruption caused by extreme weather.
- Secondly, the Company makes use of advanced technology and data analysis tools to optimize supply chain management, monitor logistics and inventory status in real time, provide early warning of potential risks, and formulate response plans.
- In addition, the Company has strengthened its disaster prevention measures and improved its contingency plans to ensure that it can respond quickly and minimize losses when extreme weather events occur.
- At the same time, the Company actively promotes low-carbon transformation and integrates the concept of sustainable development into all aspects of supply chain management. By optimizing transportation methods, reducing carbon emissions, using environmentally friendly materials, and improving energy efficiency, the Company not only minimized the negative impacts of extreme weather but also enhanced the competitiveness of its supply chain in the context of climate change.

2.Customer Satisfaction and Consumer Rights Protection Practices

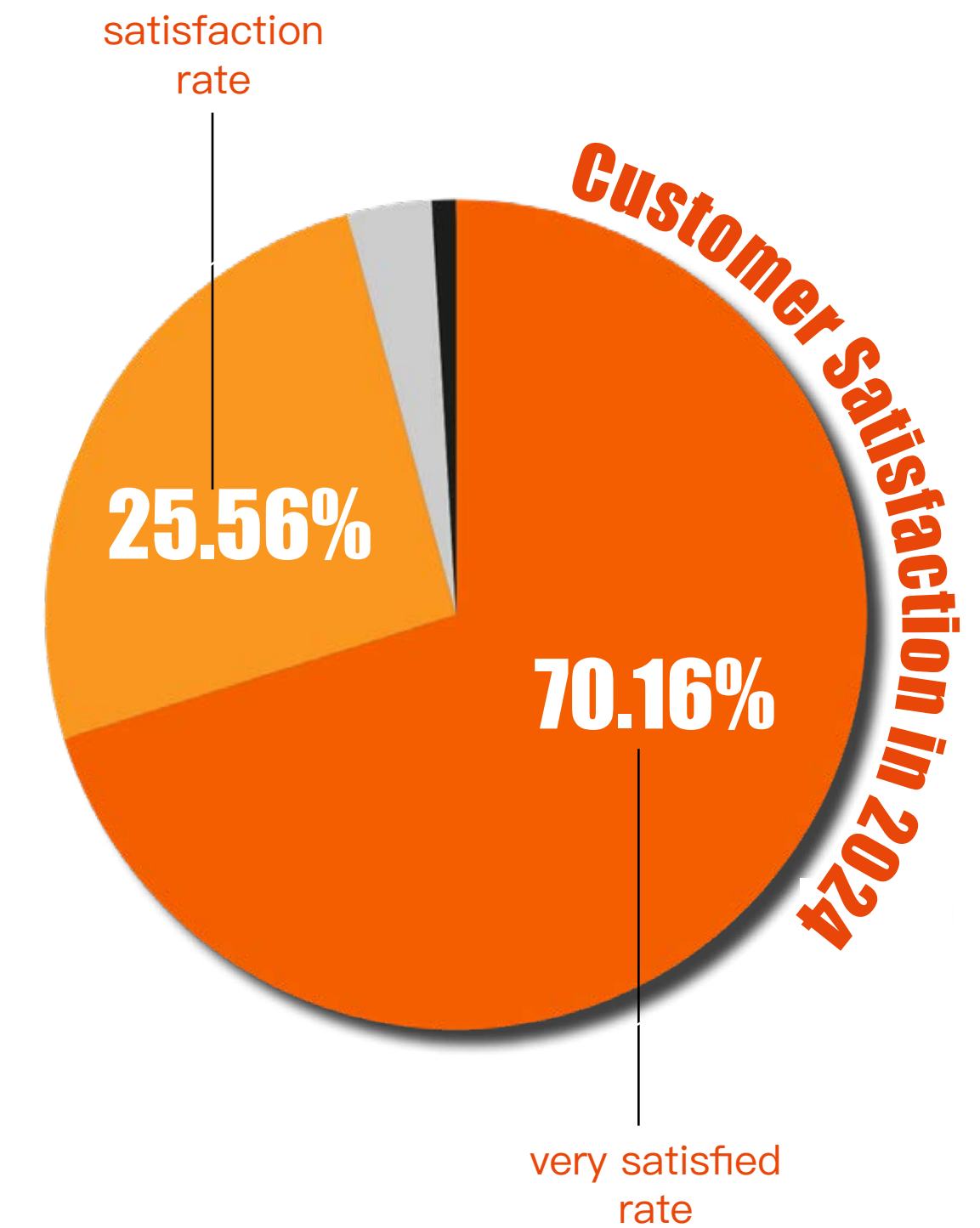
1) Customer Satisfaction

(1) The Company always prioritizes user satisfaction at the core and continuously strives to improve the user experience. The Company focuses on following the needs and feedback of the users and is committed to responding to each and every one of the demands and expectations of the users through efficient and high-quality services. The Company's service goal is "Full Service for Customer Complaints, Zero Complaints for the Service", and the service policy is "Fast, Accurate, and Comprehensive" to ensure that every customer can get a timely, accurate, and comprehensive service experience. In the principle of service, the Company strictly implements the "Three Guarantees" service requirements and provides 100% unconditional service for customer complaints that meet the requirements; for cases that do not meet the requirements, the Company will also consult amicably with the customer and provide high-quality solutions. For the realization of this service concept, the Company has established a comprehensive service procedure and process system, which includes: *After-sales Service Control Procedure, Market Quality Information Management Measures, "Three Guarantees" Service Management Measures, After-sales Maintenance Service Management Measures, Customer Training Management Measures, and Customer Satisfaction Assessment Management Measures.*

In response to customer complaints, the Company has specifically formulated the Market Quality Information Management Measures and set up a specific "Market Quality Penalty Ticket" procedure in the OA system. For quality issues that need to be rectified, the relevant departments will quickly analyze the causes and work out as well as implement improvement measures. For the typical quality problems, the Company adopts the 8D report for systematic progress, and the Company arranges special persons to follow up on penalty ticket dispositions to ensure that every problem can be handled appropriately. In order to continuously improve the quality of service, the Company will summarize and analyze the disposition of market quality information feedback from customers every month and every year, form and output monthly and annual reports, and organize regular monthly quality meetings to present and notify the main market quality problems, ensuring that the problems are promptly followed and solved. The important quality issues improvement measures will be incorporated into the monthly key tasks of the relevant departments to ensure that the issues are prioritized and dealt with.

(2) Conducting satisfaction surveys to understand customer needs in all aspects.

In 2024, the Company conducted a customer satisfaction survey using a questionnaire based on six key dimensions, such as satisfaction with sales personnel, satisfaction with product development, satisfaction with product quality, satisfaction with delivery, satisfaction with service, and the customer's willingness to recommend LONCIN to him/her. The survey strictly follows the Customer Satisfaction Survey Management Measures, in accordance with the sales accounted for more than 80% of the full coverage of the customer survey, as well as sales accounted for 20% of the customers within the completion of more than 5% of the principle of the plan to complete the survey of the number of customers 42, a total of 42 questionnaires. Finally, the actual number of completed survey customers was 42, recovered 42 valid questionnaires were recovered, completion rate of 100.00%. The survey results show that the overall customer satisfaction performance is excellent, of which the satisfaction and very satisfied rate is 95.71%; the general satisfaction rate is 3.33%; and the dissatisfaction rate is 0.95%. In response to customer feedback of "general satisfaction", "dissatisfaction," and other comments and suggestions, the Company has sorted out 12 items that need to be improved. At present, six items have been successfully implemented and completed, and the remaining six items are being positively progressed.



6 items successfully implemented and completed

6 items being positively progressed

100%

无条件提供服务



(3) Enhancing the customer experience

The Company adheres to the concept of “Customer Demand as the Center” and carries out customer service in every aspect of the Company's production, operation, and management.

Meanwhile, the Company has created a rich and immersive experience for users by organizing a series of activities. These activities not only help users gain a deeper understanding of the product features but also successfully build a platform for communication and interaction, allowing participants to truly feel the warmth and humanistic care of the brand through experience sharing.



**2024 Awarded the European Top Enterprise (STIGA)
“Outstanding Quality Improvement Award for 2023”**

(4) Honors awarded by customers

LONCIN 2024 has been awarded the European Top Enterprise (STIGA) “Outstanding Quality Improvement Award”, an honor that not only reflects the team's persistent pursuit of refinement but also highlights the Company's commitment to continually improving customer satisfaction and brand competitiveness in the global market. By continuously promoting quality improvement and technology upgrading, the Company has successfully achieved significant improvement in product performance, which has won high recognition from industry authorities and further strengthened the strategic partnership with STIGA.

2) Consumer Rights Protection

(1) Responsible marketing

The Company is committed to enhancing user satisfaction and continuously optimizing the service process and standards by responding to user demands and providing customized services on time. In respect of marketing and publicity, the Company strictly complies with the Advertising Law of the People's Republic of China and other laws and regulations, regulates advertising and sales behavior, ensures the accuracy and consistency of external information, and prevents fraudulent publicity or excessive marketing. All external publicity content, such as energy consumption, safety, intelligent functions, and other data, are required to be certified by the national authority. At the same time, the Company incorporates compliance marketing into the performance appraisal system of the sales employees and explicitly requires the sales employees to strictly comply with the high-standard responsible marketing guidelines to ensure that the high-standard responsible marketing guidelines are implemented. In 2024, the Company conducted a total of 11 responsible marketing training sessions, involving 376 persons and a total of 65 hours of training, which included new product promotion considerations and fair guarantee of sales and services, etc., to further strengthen the sense of responsibility and compliance of business employees, and to build a strong foundation for the Company's responsible marketing philosophy.

11

responsible marketing training sessions

376

persons

65

hours of training

Participation in major exhibitions in 2024:

2024.01 the Company attended Intersolar North America 2024 with EP3600 and other star products. With excellent product performance and innovative technology, the Company attracted a lot of attention from the industry and demonstrated the strong capabilities and cutting-edge layout of the Company in the field of new energy.

2024.02 the Company participated in the 25th Beijing International RV and Camping Exhibition. At the exhibition, the Company's newest product series – the whole series of silent inverter generators and energy storage solutions made a stunning debut, providing a new intelligent and environmentally friendly energy solution for RV and camping enthusiasts and highlighting the Company's profound heritage and innovative strength in the field of outdoor energy.

2024.04 the Company participated in the 25th Beijing International RV and Camping Exhibition. At the exhibition, the Company's newest product series – the whole series of silent inverter generators and energy storage solutions made a stunning debut, providing a new intelligent and environmentally friendly energy solution for RV and camping enthusiasts and highlighting the Company's profound heritage and innovative strength in the field of outdoor energy.

2024.06 the Company participated in The Smarter E Europe 2024. In this leading international smart energy industry event, the Company, with its advanced technological concepts and innovative products, competed with global counterparts and participated in the industry exchanges and cooperation in depth, which further enhanced the Company's visibility and influence in the field of international smart energy and contributed to the global energy transition.



The 135th China Import and Export Fair



The Equip Exposition (GIE+EXPO)
2024 in Louisville, USA



Intersolar North America 2024

2024.10 the Company appeared at the 136th China Import and Export Fair with a variety of products, and LONCIN was strongly settled in the Electric Power Zone and the New Energy and Intelligent Mobility Zone, which comprehensively demonstrated the Company's latest technological achievements and innovative products in the field of green energy. The Company carries a variety of household small generators, engines, portable energy storage power supply and charging piles and other core products, with its intelligent, environmentally friendly and efficient features, attracted many professional visitors and buyers to pay attention to the Company, a comprehensive display of the Company's strong capabilities and leading edge in the field of intelligent energy solutions.

2024.10 Smart Nation Expo 2024 was grandly opened in October 2024 at the Kuala Lumpur International Trade and Exhibition Center in Malaysia. LONCIN New Energy made a wonderful appearance with its safe and reliable new energy charging products and smart energy solutions, focusing on its latest technical achievements and innovative applications in the electric vehicle charging pile industry, which attracted wide attention from the exhibitors.

2024.10 the Company participated in the Equip Exposition (GIE+EXPO) in Louisville, U.S.A. In this internationally renowned garden machinery industry event, the Company, by virtue of the rich product line and cutting-edge technology, exchanged in-depth information with global industry elites, demonstrated its innovative achievements and strong capabilities in the field of garden machinery, and further expanded the North American market, enhancing the brand's popularity and reputation in the international garden machinery field.

2024.11 the Company participated in the 81st Milan EICMA MOTOR EXPO (EICMA), with three brands (VOGE/LONCIN/BICOSE), a total of 31 models of exhibits, with outstanding product design, cutting-edge technological innovations, and strong brand strength attracted the attention of motorcycle enthusiasts, industry experts and the media around the world, and achieved extremely outstanding exhibition results, fully demonstrating the deep heritage and unlimited potential of the Company in the field of motorcycles.

(2) Customer information protection

The Company has achieved significant results by improving the system and training system to comprehensively strengthen the protection of customer privacy and information security. The Company attaches great importance to customer privacy and information security, strictly follows the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China and other laws and regulations, and formulates and improves a number of rules and regulations, such as the Standard of Conduct for Employee Information Security, Privacy Protection Compliance Management Rules and other regulations, so as to safeguard and protect the information security from the system level. Organizing information security awareness training for new employees and data leakage prevention training for R&D designers ensures that every employee always follows the customer privacy protection norms in their daily work and integrates the concept of information security into every work link. In 2024, the Company did not experience any breaches of customer privacy or information, which fully demonstrates the effectiveness of the Company's governance in protecting customer information.

(3) Development of a responsive after-sales service network

A. Full-fledged service procedures

The Company has established comprehensive after-sales service procedures, including an *After-sales Service Control Procedure*, *Market Quality Information Management Measures*, *“Three Guarantees” Service Management Measures*, *After-sales Maintenance Service Management Measures*, *Customer Training Management Measures*, *Customer Satisfaction Assessment Management Measures*, and so on. In the domestic market, the Company relies on dealer service as the main service and factory personnel service as a supplement, forming a complementary service pattern. Also, in Zhejiang, Jiangsu, Shandong, and other places to set up offices equipped with permanent service personnel to be able to quickly respond to and promptly deal with customer installation and maintenance needs. In the international market, the Company innovatively adopts the combination of customer self-built service network and third-party service providers, giving full advantage to the customer's local resources and the third-party professional service capabilities, to ensure that customers around the globe, wherever they are, can enjoy timely, efficient and professional service support, and to truly realize the “Service without Borders”.

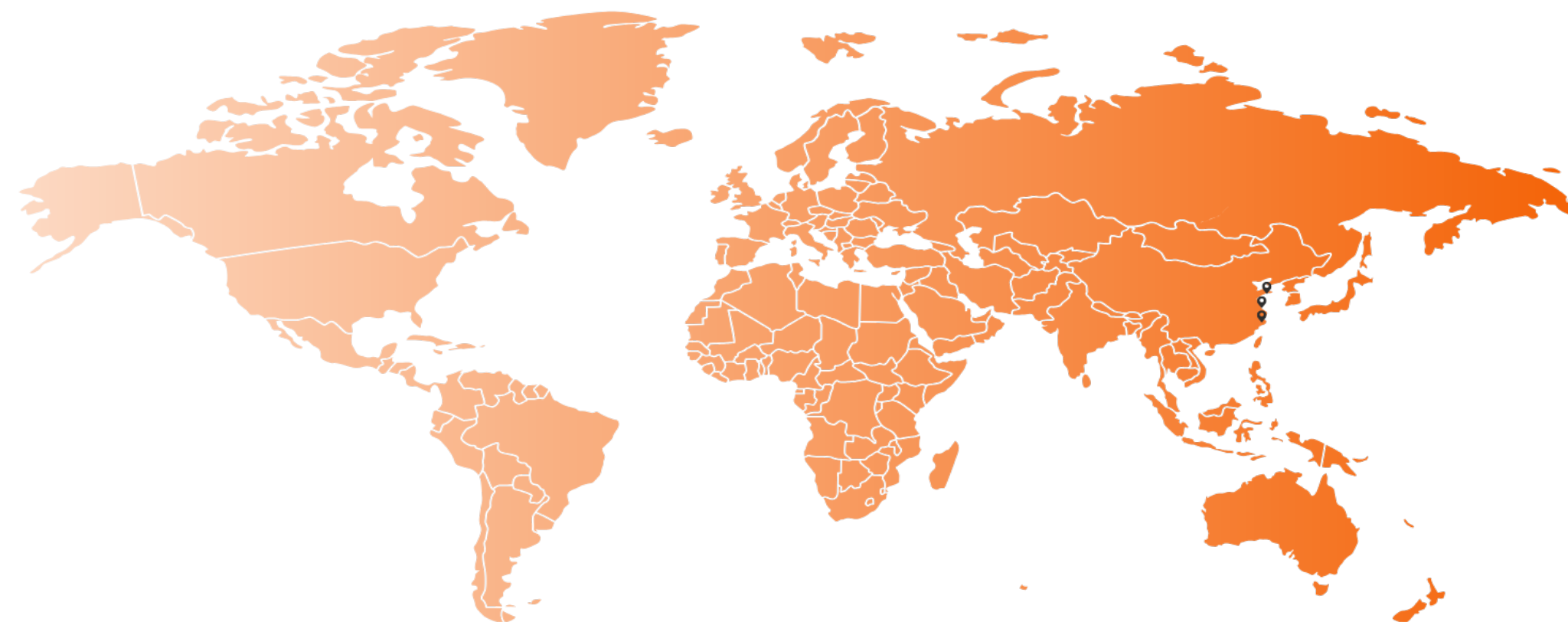
B. After-sales service resource allocation

The Company has carefully organized a professional and efficient technical and service team, including two technical support employees, six after-sales service employees, one “Three Guarantees” processing employee, one market quality information processing employee, and two motorized after-sales service employees, which ensures that we can respond to customers' needs quickly and provide accurate services in different situations. In terms of customer training, the Company adopts diversified customer training methods to meet the learning needs of different customers, including video, online, graphic, door-to-door, visit, and on-site training, etc., to help customers quickly master the use of products and maintenance skills. In order to facilitate customers to obtain technical support at any time, the Company has built a multi-channel communication platform, customers can consult technical issues at any time through the phone, e-mail, QQ, WeChat and other network communication tools, but also through the Company's website, service hotline, WeChat official account and other channels to dynamically understand the product information and technical developments and after-sales policy, to truly realize the “One-click Reach, Worry-Free Service”.

C. Comprehensive complaint response system

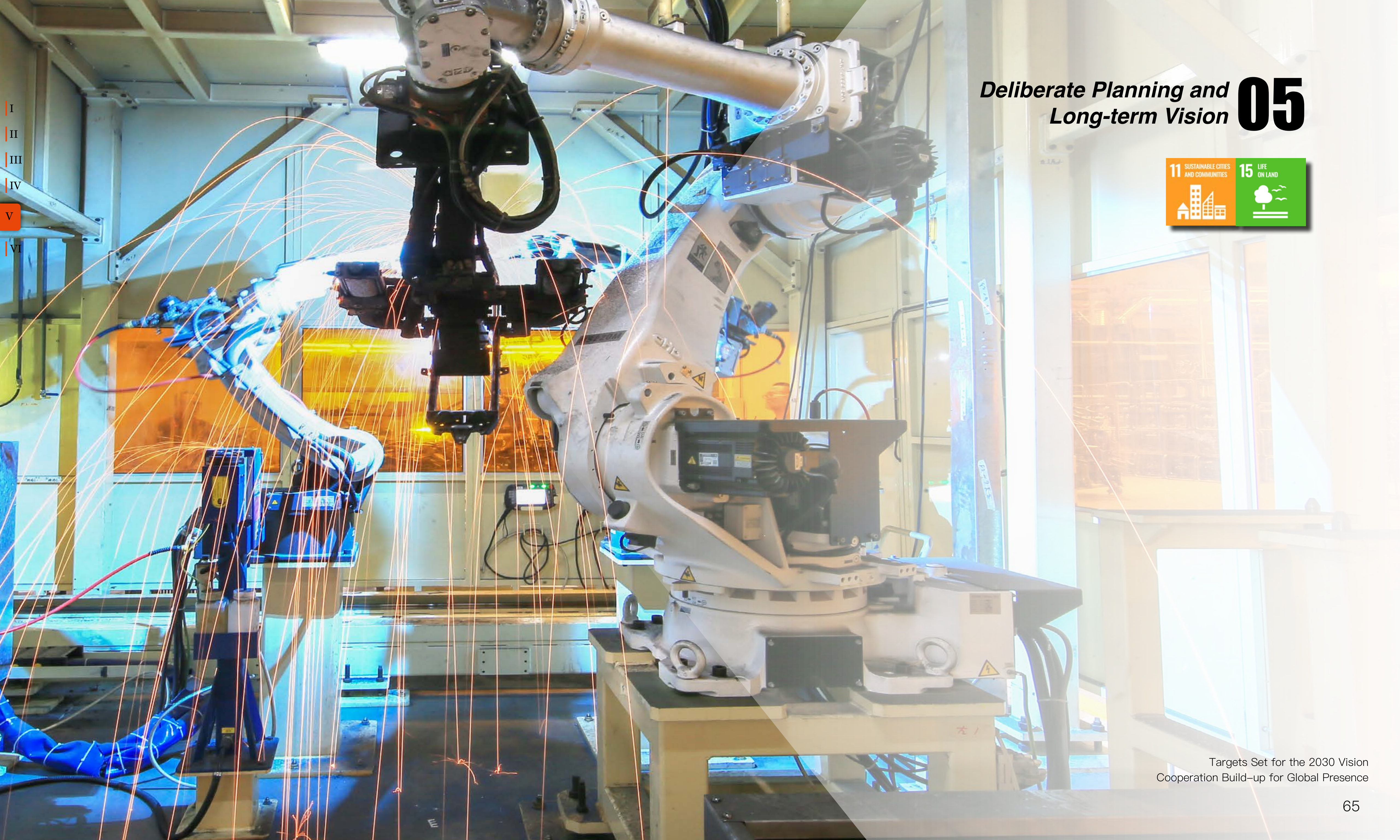
The Company has established a comprehensive complaint-handling system, prepared *the Market Quality Information Management Measures*, and set up a specific process in the KOA system. The procedure is divided into two phases: rapid response to customers (replacement parts, complete machines, etc.) and internal problem tracing (corrective measures, preventive measures, and summarization), through which the Company is able to quickly solve customer problems while preventing the recurrence of similar problems from the root cause. In 2024, the Company's product and service complaint handling rate reached 100%, fully reflecting the Company's efficiency and standardization in after-sales service governance.

100%
service complaint handling rate



I
II
III
IV
V
VI

Deliberate Planning and Long-term Vision 05



Targets Set for the 2030 Vision
Cooperation Build-up for Global Presence



Targets Set for the 2030 Vision

I
II
III
IV
V
VI

LONCIN is deeply aware of the urgency and importance of responding to climate change and is actively practicing the concept of green development. In order to promote the sustainable development of the industry and help achieve the national “Carbon Peaking and Carbon Neutrality” goal, LONCIN has set a clear and challenging target for the reduction of carbon emissions.

- In the process of low-carbon R&D layout, we make all-around efforts, focusing on key links such as upstream supply, manufacturing, downstream use, and product types, and are committed to building a more complete sustainable product system and low-carbon ecological chain. At the same time, we have clearly defined the strategic goal of increasing the proportion of clean energy use, and plan to increase the proportion of renewable energy in total energy consumption in our production plants to 30% by 2030, to take practical actions to promote green development and contribute to the realization of carbon emission reduction targets.
- In the field of green procurement, we are committed to the concept of sustainable development, not only exploring and innovating in the application of green materials but also setting clear and forward-looking goals in the procurement of raw materials. We actively guide our suppliers to adopt more environmentally friendly production modes and promote the sustainable development of the industrial chain in all aspects. Looking ahead to 2030, we aim to increase the proportion of suppliers using green power in the production process to 40%, thereby contributing to the creation of a green and low-carbon industrial ecosystem and to environmental protection and sustainable development.
- In the field of green production, we are committed to environmental responsibility and are steadily moving forward with the goal of meeting emission standards and environmental information transparency. On the one hand, we continuously strengthen the management of environmental protection, emission control, and efficient use of resources and energy, etc. By improving the production process and upgrading the environmental protection equipment, we ensure that 100% of the three-waste emissions meet the standards and reduce the pollution of the environment from the source. On the other hand, we attach high importance to the disclosure and supervision of environmental information and make every effort to realize 100% completion of the declaration, monitoring, and public announcement of environmental information so that the production activities of enterprises can operate under the sunshine. In addition, through the improved emergency plan and safety management system, we are committed to continuing to achieve the goal of zero environmental pollution accidents, make unremitting efforts to build a green and safe production environment, and practice the concept of green development through practical actions.

plan to increase the proportion of renewable energy in total energy consumption in our production plants to

30%

aim to increase the proportion of suppliers using green power in the production process to

40%

the three-waste emissions meet the standards

100%

completion of the declaration, monitoring, and public announcement of environmental information

100%



Cooperation Build-up for Global Presence

I
II
III
IV
V
VI

As a reputable enterprise in the field of motorcycles and general-purpose power equipment, LONCIN has always upheld a high sense of responsibility and mission and has actively participated in the development and construction of the industry. As a member of the Chongqing Automobile and Motorcycle Industry Association, LONCIN has made positive contributions to the formulation of industry standards, the fight against unfair competition, brand building, the enhancement of services, and the expansion of overseas markets. The Company takes innovation as the lead and promotes the transformation and upgrading of the industry with full strength. With the strategy of steady scientific and technological research and development, the Company has successfully realized the independent innovation of products and technology so that the scientific and technological competitiveness has achieved a qualitative leap and has set a new benchmark for the high-quality development of the industry.

1.Intensified Industry Cooperation

- In terms of advocating green supply chain cooperation, LONCIN actively advocates enterprises in the industry to jointly build a green supply chain, closely cooperates with upstream and downstream suppliers, and requires suppliers to adopt environmentally friendly materials and optimize production processes to reduce carbon emissions. In the procurement of raw materials, we prioritize suppliers that have passed the ISO 14001 environmental management system certification to promote the green transformation of the entire supply chain. At the same time, we organize suppliers to carry out energy-saving and emission-reduction training and experience exchange activities, share green production technology and management experience, and work together to enhance the green development level of the supply chain.
- In the field of industry technology research and development cooperation, LONCIN has actively participated in it, and has carried out a series of in-depth research and development cooperation activities together with BMW, making every effort to promote technological innovation in the field of motorcycle engines. As early as May 2024, LONCIN and BMW entered into an in-depth cooperation agreement on the engine program, aiming to inject new vitality into the global motorcycle market and further promote the development of motorcycle engine technology by leaps and bounds.

This cooperation focuses precisely on the development and production of new large-displacement engines. Relying on its deep technical background and rich manufacturing experience accumulated over many years of deep cultivation in the field of motorcycle engines, LONCIN is deeply integrated with

BMW's cutting-edge advanced technology and innovative concepts. The two parties quickly set up a joint R&D team to collaborate on key technical indicators such as engine performance improvement, fuel economy optimization, and emission reduction. By integrating the advantageous resources of both parties and collaborating closely on technical research and development, the Company strives to break through the technological bottleneck in the industry and bring consumers motorcycle engine products that are more efficient, environmentally friendly, and with better performance.

To meet future requirements for low emissions and low fuel consumption, the two parties plan to jointly research and develop new combustion technologies to precisely control the fuel injection volume and air intake, effectively reducing the emission of hazardous substances in the tailpipe so as to comply with more stringent environmental protection standards.¹¹



¹¹ Loncin and BMW | Successfully Signed Contract for New Engine Project: <https://www.loncinindustries.com/Group/NewsDetails.aspx?catid=7-68-80&id=2146821978>

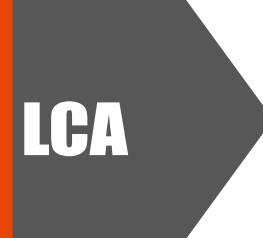
2.Alignment with International Standards

I
II
III
IV
V
VI

To ensure product emissions in step with international practices, for motorcycle export, LONCIN refers to the European Union's Euro V emission standards and continuously optimizes its product design and production process to enhance the environmental performance of its products. We improve engine combustion technology through research and development to reduce the emission of hazardous substances in exhaust gases, ensuring the competitiveness of our products in the international market and reducing the risk of environmental noncompliance. At the same time, the Company pays close attention to the updated dynamics of international standards and adjusts the product standards in time to keep in sync with the international advanced level.



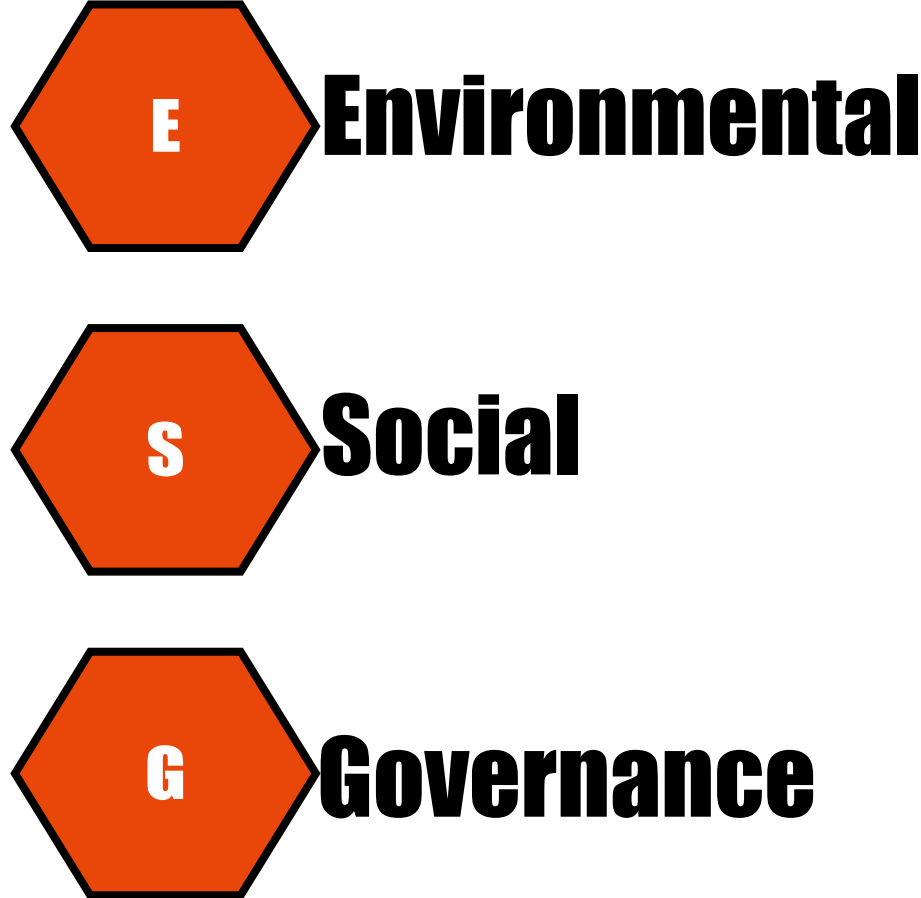
To ensure management systems in compliance with international standards, we refer to the internationally recognized ISO 14064 standard for greenhouse gas accounting and reporting, establish and improve the internal carbon emission management system, accurately account for the enterprise's carbon emissions, and formulate scientific emission reduction targets and measures. We also introduce international advanced environmental management concepts and methods, such as Life Cycle Assessment (LCA), to assess the environmental impact of products throughout the entire process from raw material procurement, production and manufacturing, use to disposal and recycling, and to optimize the environmental performance of products throughout their life cycle.



To keep consistent with the international ESG disclosure standards, LONCIN uses the widely recognized global ESG international standards, such as the Global Reporting Initiative (GRI) standards and the Sustainability Accounting Standards Board (SASB) standards, as a frame of reference.



In-depth research into the specific terms and requirements of the above standards to ensure that the practices and disclosures of enterprises in the three core dimensions of environment (E), society (S) and corporate governance (G) are in line with the international advanced level, for example, in the environmental dimension of the benchmarking of the GRI's climate-related standards, to sort out the key information on the sources of carbon emissions, energy use and impact on the ecosystem of the enterprise, and to systematically sort out and show the efforts and achievements of the enterprise in sustainable development, while providing comprehensive and transparent information to stakeholders to promote the common sustainable development of the enterprise and society.



06 Appendix

- I
- II
- III
- IV
- V
- VI



I
II
III
IV
V
VI

Chapters	GRI	Sustainability Reporting Guidelines for A-share Listed Companies
I. LONCIN's Sustainability Policy and Performance Data	2-22	—
1. ESG Strategy and Vision	2-1, 2-2, 2-3, 2-6	
2. Key Performance Indicators		
(1) ESG Key Performance Data	201-1,	
(2) Analysis of Material Topics		
(3) Engagement with Stakeholders	2-29, 413-1	Stakeholder Engagement
(4) Response to the United Nations SDGs		
II. Environmental Initiatives for Green and Digital Development		
1. Green Intelligent Manufacturing and Low Carbon Production		Innovation Driver, Technology Ethics
(1) Digital Transformation Driven by Intelligent Manufacturing	416-1	Pollutant Emissions, Product and Service Security, and Quality
(2) Clean Energy Application and Energy Conservation and Emission Reduction Technology Upgrade	201-2, 306-1, 306-2,	Energy Use
(3) Practices of Green Factory and Circular Economy	301-1, 301-2, 301-3, 306-3, 306-4	Waste Treatment, Environmental Compliance Management, Circular Economy
2. Ecological Conservation and Responsible Contributions		
(1) GHG Management Initiatives and Results	305-1, 305-2, 305-3, 305-5, 306-2,	Ecosystem and Biodiversity Conservation
(2) Water Management Initiatives and Results	303-4, 303-5, 306-1, 306-2,	Water Resources Utilization
(3) Energy Management Initiatives and Energy-Efficient Technology Achievements	306-2,	Energy Use
(4) Biodiversity Conservation	304-1	Ecosystem and Biodiversity Conservation
3. Pioneering Efforts to Address Climate Change		Responding to Climate Change
(1) "Carbon Peaking and Carbon Neutrality" Goals	416-2	
(2) Climate Risk Management and TCFD Framework Response	201-2	

I
II
III
IV
V
VI

Chapters	GRI	Sustainability Reporting Guidelines for A-share Listed Companies
III. Social Initiatives and Innovative Development	2-7	
1. Human Resources Development		Employee, Stakeholder Engagement
(1) Employment and Compliance Management	401-1, 401-2, 404-3, 405-1	
(2) Diverse Composition of the Workforce	405-1, 406-1	
(3) Employee Benefits and Safeguards	401-3	
(4) Employee Rights and Supervision	401-3	
(5) Occupational Health and Safety Management	403-1, 403-2, 403-3, 403-5, 403-7, 403-8, 403-10	
(6) Diversified Training and Career Development Paths	404-1, 404-2, 404-3	
2. Technology-Empowered Industrial Upgrade Driven by Innovation		
(1) Product Innovation Results and R&D Investment	302-1, 302-4, 302-5, 416-1, 417-1	Innovation Driver, Technology Ethics
(2) Supply Chain ESG Management and Supplier Empowerment Program	204-1, 302-1, 302-4, 302-5, 308-1, 414-1	Supply Chain Security, Equal Treatment of SMEs
(3) Customer Management and Satisfaction Enhancement Program	302-1, 302-4, 302-5, 417-2	
(4) Property Rights Management	417-1	
3. Rural Revitalization and Community Outreach		
(1) Sustained Investment in Social Welfare Programs	413-1	Social Contributions
(2) Rural Industry Support with Additional Channels	413-1	Rural Revitalization, Social Contributions
IV. Compliance and Transparent Governance		
1. Reinforcement of Compliance and Corporate Governance Structure		
(1) Promotion of the Leadership of Party Building	404-2	
(2) Board ESG Oversight Mechanism and Governance Structure Improvement	2-9, 2-10, 2-11, 2-12, 2-14, 2-16, 2-17	
(3) Anti-corruption Compliance System and Data Security Protection	2-27	Data Security and Customer Privacy Protection, Anti-commercial Bribery, and Anti-corruption
(4) Risk Management and Internal Control	2-27, 207	Anti-commercial Bribery and Anti-corruption
2. Transparent Dialogue Targeting Specific Stakeholder Groups		
(1) ESG Communication and Disclosure Mechanism Specific to Investors	205-1, 205-2, 418-1	Responding to Climate Change, Data Security and Customer Privacy Protection, Stakeholder Engagement
(2) Customer Satisfaction and Consumer Rights Protection Practices	417-1, 417-2, 418-1	Supply Chain Security, Product and Service Security and Quality, Data Security and Customer Privacy Protection, Stakeholder Engagement
V. Deliberate Planning and Long-term Vision		
1. Targets Set for the 2030 Vision		Responding to Climate Change, Innovation Driver
2. Cooperation Build-up for Global Presence		Anti-unfair Competition
(1) Intensified Industry Cooperation	2-28, 308-1	Due Diligence Investigations
(2) Alignment with International Standards		Innovation Driver



Key Performance

I
II
III
IV
V
VI

ESG
Key
Performance
Indicators

		Types	Item	FY2022	FY2023	FY2024	Indicator Unit	
Environmental Performance	Use of Energy		Gas	2,081,733.00	2,677,584.00	2,566,771.00	Cubic meter	
			Diesel fuel	128,131.00	61,232.00	88,531.00	Liter	
			Petrol	372,966.00	443,053.00	503,741.00	Liter	
			Renewable energy	0	28,760,965.00	162,520.00	(kWh) kilowatt hour	
			Purchased electricity	41,899,138.00	40,691,138.00	59,197,270.00	(kWh) kilowatt hour	
		Gaseous Pollution Emissions		Total waste gas emissions	2,510,617,200.00	2,579,906,290.00	2,572,050,400.00	Cubic meter
			Particulate matter	15.36	18.48	7.03	Tons	
			Non-methane hydrocarbons	0.51	3.38	8.44	Tons	
			Nitrogen oxides	1.33	1.27	0.47	Tons	
			Sulfur oxides	0.04	0.33	0.02	Tons	
			VOC emissions	29.61	21.39	12.21	Tons	
	Water Pollution Discharge	Water Use		Ammonia	0.06	0.04	0.10	Tons
				Municipal water purchases	797,949.00	768,149.00	1,147,600.00	Tons
				Total wastewater discharge	394,833.00	560,974.00	623,024.00	Cubic meter
				Chemical oxygen demand (COD)	44.31	66.98	58.54	Tons
				Five-day Biochemical Oxygen Demand (BOD5)	9.74	28.58	15.71	Tons
				Suspended substance	9.26	16.82	45.19	Tons
				Ammonia nitrogen	3.76	7.45	4.27	Tons
				Total phosphorus	1.26	0.64	0.84	Tons
				pH	7.27	7.12	7.14	Dimensionless
			Anionic surfactants	0.04	0.06	0.16	Tons	
			Fluoride (measured as F-)	0.48	0.66	0.95	Tons	
			Oil type	0.38	1.38	3.85	Tons	
	Formaldehyde	0.19	0.11	0.00	Tons			

I
II
III
IV
V
VI

ESG
Key
Performance
Indicators

Types	Item	FY2022	FY2023	FY2024	Indicator Unit	
Environmental Performance	Waste Management and Pollutant Prevention	Total recyclable waste	195.00	189.00	448.81	Tons
		Total general solid waste	195.00	189.00	448.81	Tons
		Total recycling of general solid waste	195.00	189.00	448.81	Tons
		Emission intensity of general solid waste	0.02	0.01	0.03	Tons/million in revenue
		Total hazardous waste	421.77	487.99	4,630.25	Tons
		Total hazardous waste incineration	75.82	129.11	955.91	Tons
		Total hazardous waste recycling	345.95	358.88	3,276.29	Tons
		Emission intensity of hazardous waste	0.04	0.03	0.31	Tons/million in revenue
	Green Package	Packaging materials used: wooden pallet	50,144.00	650.00	136,390.00	Piece
		Packaging material applicable: wooden buckboard box	30,000.00	30,000.00	1,923.00	Piece
		Packaging material used: plastic box	6,910.00	10,101.00	2,004.00	Piece
	Transportation	Packaging materials used: cardboard box	2,305,605.00	2,018,796.00	4,607,451.00	Piece
		Number of electric private car ownership	32.00	193.00	387.00	Vehicle
	Environmental Investment	Number of fuel private car ownership	2,368.00	2,456.00	3,152.00	Vehicle
		Environmental Investment	149.00	880.00	940.99	RMB Ten Thousand
Social Performance	Investment	Total number of employees	8,535	8,932	10,529	Person
		Education	Master's degree and above	218	224	232
	Bachelor's degree		1,321	1,393	1,571	Person
	Junior college		1,259	1,350	1,628	Person
	Secondary vocational school/High school		2,387	2,611	3,167	Person
	Junior high school and below		3,350	3,354	3,931	Person
	Employee Training	Number of trainings during the year	7,610	8,165	4,540	Times
		Employee Type	Total number of employees trained	7,610	8,165	10,167
	Number of basic-level employees trained		7,242	7,744	9,753	Person
	Middle management trained		313	365	362	Person
	Senior management trained		55	56	52	Person
	Total hours of employees trained		15,220	16,200	20,334	Hours
	Average length of employee training		2	2	2	Hours
	Employee Category		Total number of hours of basic level employees trained ¹²	11,540	11,990	16,194
		Total hours of middle management trained ¹³	3,130	3,650	3,620	Hours
Total hours of senior management trained ¹⁴		550	560	520	Hours	

I
II
III
IV
V
VI

ESG
Key
Performance
Indicators

	Types	Item	FY2022	FY2023	FY2024	Indicator Unit
Corporate Governance Performance		Number of disclosure reports	51	64	71	Piece
		Number of meetings of the Board of Directors	6	7	5	Times
		Number of meetings of the Supervisory Board	5	3	4	Times
		Number of meetings of the Committee of Auditors	5	4	5	Times
		Number of meetings of the Nominating Committee	1	5	2	Times
		Number of meetings of the Remuneration and Appraisal Committee	1	1	1	Times
		Number of members of the Board of Directors	9	9	9	Person
	Genders	Male directors	8	8	9	Person
		Female directors	1	1	0	Person
	Type	Independent directors	3	3	3	Person
Non-independent directors		6	6	6	Person	
Economic Indicators		Operating income	1,241,017.26	1,306,648.13	1,682,224.10	RMB Ten Thousand
		Net profit	52,732.37	58,342.18	112,127.17	RMB Ten Thousand
		Total tax payments	43,859.09	53,821.44	91,449.17	RMB Ten Thousand
		Total cash dividends (including tax)	16,428.33	20,535.42	82,141.67	RMB Ten Thousand
		Cash dividends per 10 shares	0.80	1.00	4.00	RMB
		R&D investment	56,163.35	52,397.51	53,453.00	RMB Ten Thousand
		Overseas income	826,590.00	855,353.00	1,088,973.54	RMB Ten Thousand

12 Total number of hours of basic level employees trained: 16,194 hours is the total number of training hours completed by all basic level employees who received training during the statistical cycle. Total number of hours of basic level employees trained ≈ training hours per basic level employee*number of basic level employees trained.

Average length of training per basic level employee: According to statistics, the average length of training per employee is about 2 hours.

Scope of data: The above data covers all training programs during the statistical cycle, including on-line courses, off-line centralized training, skills enhancement training, etc.

13 Total number of training hours of mid-level managers: 3,620 hours is the total number of training hours completed by all mid-level managers trained during the statistical cycle. Total number of training hours of mid-level managers ≈ per employee training hours of mid-level managers * number of mid-level managers trained.

Average training hours per mid-level manager: statistically, the average training hours per employee is about 10 hours.

Scope of data: The above data covers all training programs during the statistical cycle, including on-line courses, off-line centralized training, skills enhancement training, etc.

14 Total number of training hours of senior management: 520 hours is the total number of training hours completed by all senior management trained during the statistical cycle. Total number of training hours of senior management ≈ per employee training hours of senior management * number of senior management trained.

Average training hours per senior manager: statistically, the average training hours per employee is about 10 hours.

Scope of data: The above data covers all training programs during the statistical cycle, including on-line courses, off-line centralized training, skills enhancement training, etc.



LONCIN WeChat Official Account



VOGE WeChat Official Account

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