



2024

Stock Code:002600

SUSTAINABILITY REPORT

LINGYI iTECH (GUANGDONG) COMPANY

CONTENTS

About the Report 03

Standard Declaration	03
Scope and Boundaries	03
Publication and Access	04
Data Source and Reliability Assurance	04
Confirmation and Ratification	04
Contact Information	04

Chairman' s Letter 05

About LINGYI iTECH 07

Introduction	07
Product Solution	08
Core Competencies	09
Development Journey	11
Corporate Culture	12
Highlights Performance	13
Honors and Awards	14

Sustainable Development Management 18

01 Precision Governance, Strengthening Foundations 22

Improving Corporate Governance	23
Ensuring Compliance	27
Upholding Business Ethics	32

02 Green Practices, Building Eco-harmony 37

Enhancing Environmental Management	38
Responding to Climate Change	41
Exploring Opportunities in Clean Tech	48
Optimizing Resource Efficiency	50
Controlling Pollution Emissions	56

03 Smart Manufacturing, Pursuing Excellence 60

Enhancing Quality Management	61
Driving Development Through Innovation	64
Protecting Customer Rights and Interests	66



04 Responsible Supply Chain, Co-creating Value 68

Supplier Management	69
Conflict Minerals Management	73
Industry Exchange and Collaboration	73

05 Collaborative Growth, Thriving Workplace 75

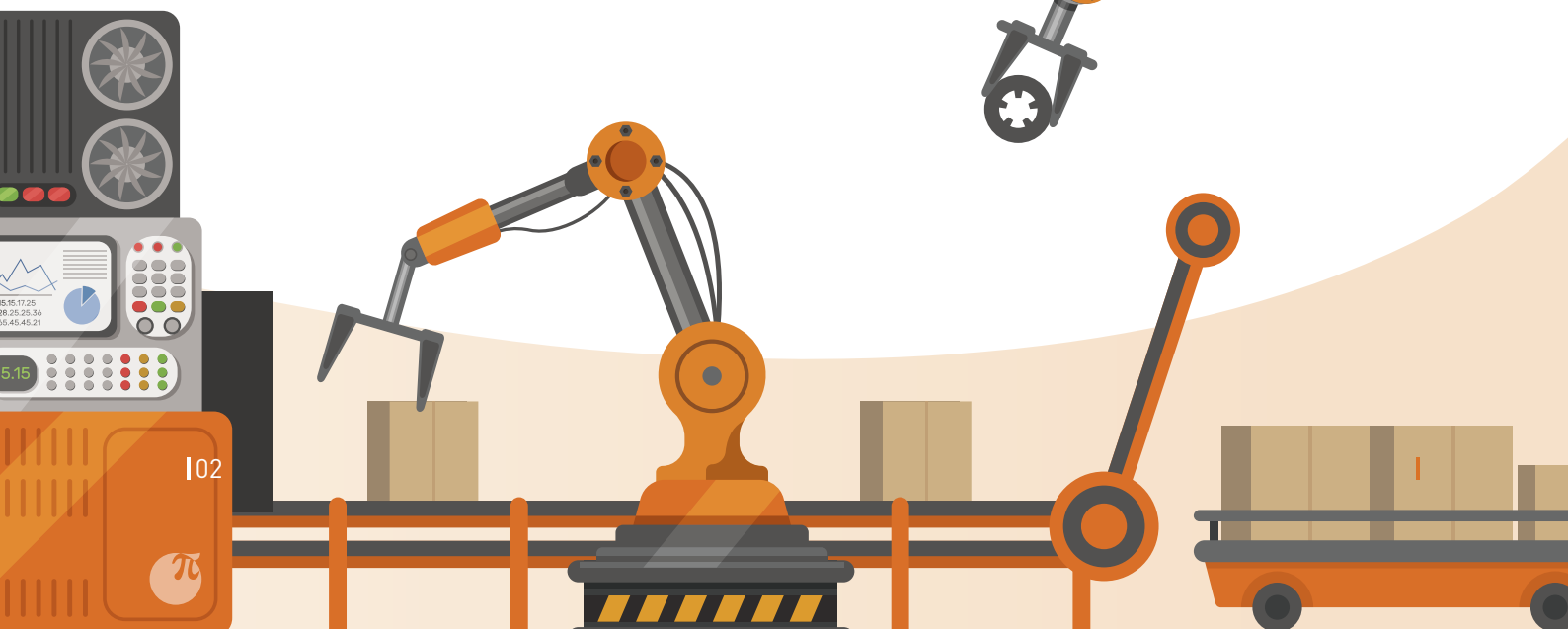
Safeguarding Employee Rights	76
Promoting Employee Growth	90

06 Mission-Driven, Giving Back to Society 95

Public Welfare and Charity	96
Biodiversity Conservation	97

Appendix 98

List of Key Applicable Laws and Regulations	98
Key Performance Indicator Table	99
Indicator Comparison Table	109
Independent Assurance Statement	115
Reader Feedback	118



About the Report

LINGYI ITECH has published four social responsibility reports since 2021. LINGYI ITECH (GUANGDONG) COMPANY 2024 Sustainability Report is an iterative update, based on the original social responsibility report. The purpose of this report is to regularly and systematically disclose the Company's concepts, methods, practices and performance in environmental, social and corporate governance to the Company's stakeholders, including shareholders and investors, local governments and regulators, employees, customers, partners and suppliers, the media and the public, and residents of the local community, so as to enhance the understanding and awareness of the Company among the stakeholders and to accept the supervision of the community.

Standard Declaration

This report follows the relevant requirements of the Guidance on Social Responsibility (GB/T36000-2015), the Guidance on Social Responsibility Reporting (GB/T36001-2015), the Guidance on Classifying Social Responsibility Performance (GB/T36002-2015), the Guidance on Social Responsibility (ISO26000), the GRI standards, Shenzhen Stock Exchange Listed Companies No. 17 - Sustainable Development Report (Trial), Main Board Appendix C2 Environmental, Social and Governance Reporting Code, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, IFRS S2 Climate Related Disclosures, Task Force on Climate-related Financial Disclosures (TCFD), etc., while aligning with the UN Sustainable Development Goals (SDGs). It focuses on reporting the Company's efforts in promoting social environmental, ecological, and economic sustainability.

Scope and Boundaries

Unless otherwise stated, the information provided in this report covers the period from January 1, 2024 to December 31, 2024 (hereinafter referred to as "within the year" or "during the reporting period"). Some contents include information from previous years and some descriptions of activities may extend beyond the aforementioned mentioned timeframe. Unless specifically noted, the scope of this report includes LINGYI ITECH (GUANGDONG) COMPANY and its subsidiaries in Mainland China.

For ease of expression and reading, the term "LINGYI ITECH (GUANGDONG) COMPANY" is also referred to as "LINGYI ITECH", "the Company" or "we" in this report.



Publication and Access

This report is available in both simplified Chinese and English for readers' reference, and the electronic version can be obtained from our official website (<http://www.lingyiitech.com>) or downloaded through the Juchao Information Network (<http://www.cninfo.com.cn/new/index.jsp>). If there is any discrepancy between the English and Chinese versions of this report, please refer to the Chinese version.

Data Source and Reliability Assurance

The data in this report are derived from the Company's internal information, records of investigation and interviews and relevant files. The financial information in the report is presented in RMB, and the financial data is based on the annual financial report. The Board of Directors of the Company undertakes that there is no false information or misleading information recorded in this report and is responsible for the truthfulness, accuracy and completeness of its contents.

Confirmation and Ratification

This report has been confirmed by the management to be free from any false records, misleading statements or material omissions and was approved for publication by the Board of Directors on March 2025.

Contact Information

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Chairman's Letter



Chairman of LINGYI iTech
Ms. Zeng Fangqin

In the trend of global sustainable development, the ESG concept has become an important guideline for corporate development. As a member of the precision manufacturing sector of consumer electronics, LINGYI iTECH integrates ESG principles into every aspect of the Company's operations, actively fulfilling its responsibilities towards the environment, society and stakeholders, and fully committing to a new journey of sustainable development.

Refine corporate governance to solidify the foundation for development

In terms of corporate governance, we continuously optimize our governance system and enhance our governance capacity. We consistently improve the structure of our legal person governance, including the general meeting of shareholders, the board of directors, and the board of supervisors. Each entity strictly exercises

its authority independently in accordance with laws, regulations, and Articles of Association. We strengthen internal system construction, deeply integrating compliance management into business development and operational management.

We place a high priority on integrity and ethical business practices, actively fulfilling our responsibilities to other market stakeholders. We adhere rigorously to the principles of "truthfulness, accuracy, completeness, timeliness, and fairness," continuously enhancing our information disclosure mechanisms to be more investor-oriented. This improves the effectiveness and transparency of our disclosures, thereby genuinely safeguarding the legitimate rights and interests of all stakeholders.

Adhere to green development to safeguard our ecological home

Environmental protection is an indispensable responsibility for the Company as a member of society. We integrate environmental considerations throughout the entire process of product R&D (research and development) and production, actively exploring sustainable production and development models. In our operations, we vigorously promote green practices, utilizing advanced technologies to improve energy efficiency, reduce energy consumption, and continuously increase the use of clean and renewable energy sources, accelerating the transformation of our energy structure. Through initiatives such as rooftop solar installations and the procurement of green certificates, we aim to increase the proportion of renewable and clean energy used. In 2024, we procured a total of 604,908 MWh of green certificates, including 36,117 MWh of international green certificates and 568,791 MWh of domestic green certificates. Additionally, we utilized 46,516,112.92



kWh of solar power, with our Indian subsidiary using 5,263,000 kWh and our domestic operations using 41,253,112.92 kWh. This is equivalent to reducing CO₂ emissions by 353,883 tons.

We are actively advancing the construction of green factories and the renovation of energy-saving equipment, implementing specialized environmental projects such as zero landfill waste and clean water initiatives. We strengthen pollution prevention and control, comprehensively improving resource utilization efficiency, striving to achieve harmonious coexistence between our Company and the environment.

Support employee growth to harness the strength for development

Employees are the core driving force of the Company's development. We adhere to a people-oriented approach, caring for the growth and development of employees, providing diverse career development paths for employees, and have established a comprehensive training system. In 2024, the total investment in employee training was 87.6073 million yuan, with 92,843 participants in both online and offline training sessions, totaling 4,507,377 training hours, achieving a training coverage rate of 98.32%, helping employees continuously improve themselves and achieving the integration of personal value with the Company's development.

We focus on employee compensation and benefits, ensuring fair and reasonable compensation and offering a variety of welfare programs, enhancing employees' sense of belonging and happiness. At the same time, we actively create a safe and healthy work environment, incorporating safety, occupational health, fire safety, and other aspects into the group's EHS audit scope, safeguarding the physical and mental well-being of employees.

Focus on innovation and R&D to drive the engine of growth

Innovation and R&D are the driving forces that propel the Company's continuous growth. We consistently prioritize technological innovation as a guiding principle, continuously cultivating new quality productive forces. In 2024, we invested 1,977.9289 million yuan in dedicated R&D funding, focusing on specialized process development in key areas such as carbon fiber materials, lightweight alloy materials, keyboard modules, thermal management modules, high-power chargers, and powder metallurgy. Currently, we have achieved mass production capabilities in all these areas.

The Company boasts an outstanding technical R&D team, comprising a global R&D workforce of 6,367 members who continuously enhance their capabilities and process technologies in response to market demands. We also actively strengthen cooperation between industry, academia, and research institutions, collaborating with multiple universities and scientific research organizations to jointly undertake product development and design, as well as technical breakthroughs. These efforts continuously elevate the Company's technological innovation capabilities and overall efficiency.

Looking ahead, LINGYI iTECH will continue to deepen the practical application of ESG principles across all areas, and increase our investment in environmental protection, social responsibility, and corporate governance. We will constantly optimize our products and services to enhance the Company's core competitiveness, striving to become a model of sustainable development in the precision manufacturing sector for consumer electronics. Our goal is to contribute to the sustainable development of not only our industry but also society as a whole.



About LINGYI iTECH

I Introduction

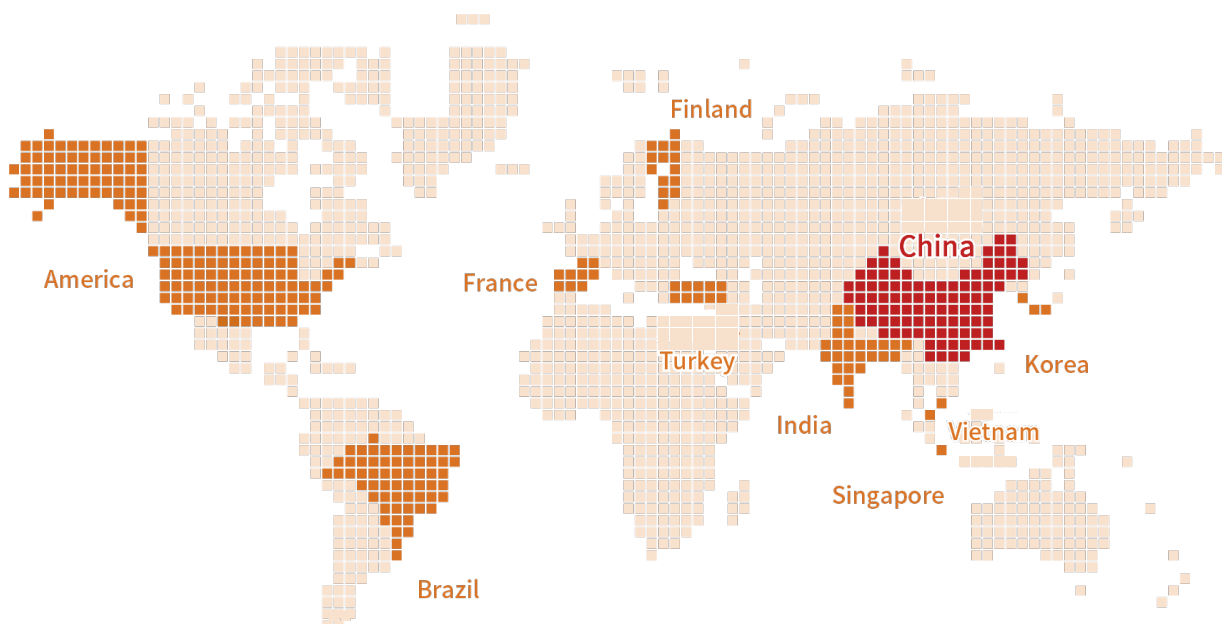
LINGYI iTECH (GUANGDONG) COMPANY was founded in 2006 and listed on the A-share capital market in 2018. Stock Code: 002600.

As a global leader in the manufacturing of precision functional parts for consumer electronics, LINGYI iTECH continuously enhances its R&D capabilities and implements vertical integration across the supply chain. This strategy integrates upstream materials, midstream precision parts and structures, and downstream modules and chargers, creating a seamless one-stop smart manufacturing service and solution provider for customers around the world. The Company has maintained a leading market position in the global consumer electronics sector for many years, with its market shares and shipment of precision functional parts. The Company sets industry standards in quality, processes, technology and many other areas. Additionally, LINGYI iTECH is expanding its footprint into emerging markets such as electric vehicles, solar power, and energy storage.

The Company empowers product innovation and technological advancement through its robust R&D capabilities, featuring a systematic three-tier R&D platform. This platform comprises six specialized sub-platforms: Thermal Module R&D Center, Mechanical Engineering R&D Center, Advanced Materials R&D Center, Precision Assembly Center, Electromagnetic R&D Center, and Modeling & Simulation Center. The Company operates over 50 production and R&D centers globally. As of the end of 2024, the Company has approximately 6,367 global R&D personnel. The Company has accumulated a total of 2,365 patents, including 383 invention patents, 1,696 utility model patents, and 62 design patents.

The Company adheres to core values of integrity and pragmatism, customer-first, mutual respect, responsibility, long-termism, and value collaboration, driven by its corporate spirit of "self-reliance and mission accomplishment", providing continuous momentum for achieving its mission and vision. The successful partnership between the Company and clients is built on a high degree of alignment in values, culture, and social responsibility. As a learning organization, the Company leverages its strong learning and self-iteration capabilities to continually optimize itself, adjust its product and service offerings, and reflect on past experiences while anticipating future market environments and changes in customer needs. This approach enables the Company to face both internal and external challenges effectively.

In 2024, LINGYI iTECH was selected for both the "Top 500 Private Enterprises in China 2024" and the "Top 100 of Guangdong's Top 500 Enterprises 2024", listed on the Fortune China 500 for the seventh consecutive year, received an "A" rating from MSCI ESG for the second consecutive year.



I Product Solution

● Midstream Precision Functional Parts & Structural Parts

LINGYI iTECH uses targeted processes and surface treatment methods for various metals (such as stainless steel, aluminum alloy, and titanium alloy) and various non-metals (such as carbon fiber, rubber, foam, and mesh), while combining proprietary automation and vision detection technology to produce various types of precision functional parts that meet customers' strict requirements in terms of size, appearance, and performance.

Structural parts refer to components in equipment that transmit motion or provide support. Precision structural parts are metal, plastic, or other non-metal structural parts that meet high dimensional precision, high surface quality, and high performance requirements for support. Structural part production covers the entire process from R&D, mold manufacturing, injection molding, spraying, CNC machining, to assembly. The production equipment is interconnected, featuring intelligent key manufacturing processes and automated overall manufacturing processes.

● Module

Modules generally refer to specialized functional components, composed of one or more parts (such as precision functional components and structural components), that are processed and combined through various manufacturing processes to offer comprehensive functionality. These modules can be integrated into various end products. Leveraging the advantages of long-term technical expertise and experience accumulated in the precision functional components and structural components business, the Company's module business has rapidly grown and progressively improved its vertical integration capabilities. The Company has multiple product lines, including keyboard modules, heat dissipation modules, backlight modules, radio frequency (RF) modules, motor modules, rotary axis modules, acoustic modules, touchpad modules, and wireless charging modules, which are widely used in various types of products.

● Product Solution & ODM Product

In the field of AI terminal devices, LINGYI iTECH leverages its strong comprehensive R&D capabilities and rich experience in lean manufacturing to provide key customers with ODM services and product solutions.

● Materials

In the material business sector, LINGYI iTECH has a rich accumulation, with representative products such as electromagnetic shielding materials, thermal conductive materials, microwave dielectric ceramics, ceramic fibers, and carbon fibers, which are widely used in various terminal electronic devices and communication products.

Core Competencies

• In terms of foresight, LINGYI I TECH's R&D has achieved the transformation of cutting-edge technological information and needs into business opportunities.

The Company builds an innovation closed-loop through a three-tier R&D architecture. Leveraging the joint research network with the Yangtze River Delta Materials Research Institute, Wuhan University, and the Changchun Institute of Applied Chemistry at the Chinese Academy of Sciences, the Company has developed a technology reserve pool in new materials such as carbon fiber composites, 3D weaving technology, and biodegradable PSA (Pressure Sensitive Adhesives). This collaborative model of "frontier exploration by academic institutions + engineering conversion by the enterprise" ensures that the Company maintains a technological edge in the industrial application of new materials.

The Company has achieved a vertical breakthrough from basic functional components (such as shields, springs, buttons, etc.) to high-value modules (including sensors, cameras, and battery precision components), and is extending towards chip-level micro functional components. Simultaneously, it has built a foundational technology platform spanning multiple fields including consumer electronics, new energy, and semiconductors.

The LYCC LINGYI I TECH Innovation Center has established an agile system for demand capture, applied research, and mass production implementation, thereby shortening the response cycle to customer needs. Through the global deployment of AI terminal hardware platforms (such as the Salcomp R&D Center in Taipei, China), the Company has achieved an ODM transformation in products like micro inverters and smart chargers. This development has resulted in full-chain value creation capabilities spanning R&D, design, and manufacturing, building a technological moat targeting emerging markets such as the metaverse and green energy.

• In terms of height, LINGYI I TECH has elevated the precision manufacturing process products to an independent product level, continuously expanding the product categories and optimizing the product structure.

In the dimension of technological depth, the Company has constructed a high-precision manufacturing barrier for complex structural parts by relying on two decades of technological deposits in the fields of die-cutting, stamping, CNC and other precision functional parts. In the horizontal expansion dimension, by extending precision manufacturing to the field of modular products and flexible materials, the Company has achieved a leap in the value chain from parts to system integration, demonstrating its unique vertical integration capability.

Facing the wave of AI terminal technology iteration, the Company accurately positioned the key nodes of new hardware innovation - in the field of heat dissipation solutions, deep ploughing the ultra-thin even heat plate and graphene composite material technology, in the development of power supply module fusion of high-frequency magnetic design and intelligent temperature control algorithms, and in the integration of the battery system breakthroughs in high-energy density and fast charging technology. bottleneck in battery system integration. The Company has not only consolidated advantages in the main battlefield of consumer electronics, but also formed a synergistic advantage in multiple tracks in emerging fields such as smart wearable and service robots.

Thermal Products	In addition to the traditional heat sink process, the Company's stainless steel ultra-thin VC heat spreading plate and heat dissipation solutions are carried by a number of high-end mobile phone models and achieve mass production shipments.
Carbon Fibre Products	The industry's top customers have adopted the Company's carbon fibre structural components for their relevant folding screens and other mid-to-high-end mobile phone models, and have achieved mass production and shipment.
Smart Wearable Products	The Company works with our customers to drive the delivery of smart wearable device products and continues to enhance R&D topics and application technologies related to ergonomics and other improved designs.
High Power Battery & Energy Storage	The Company's subsidiary, Salcomp, makes full use of its R&D and design capabilities and production experience in planar transformers to provide better design solutions to customers and products.
Robots	The humanoid robot is the carrier of AI, the Company solves the dilemma of imitating humanoid robot structural parts with both high strength and high durability.

• In terms of depth, LINGYI iTECH firmly believes that deep technology can lead to high efficiency and high profits.

The Company has formed a systematic platform for multi-technology integration and innovation by deeply coupling process design, mold development, automation integration, IE leaning and big data analysis, and established a highly efficient smart manufacturing system driven by the dual-wheel drive of fine-granularity technological reconstruction and deep-level technological innovation.

In terms of technological innovation, the Company has constructed an interdisciplinary integrated R&D system, deeply integrating mold development, automation design, process simulation and big data analysis, forming a closed loop of the whole chain of technology from material microstructure analysis to process parameter optimization, and promoting the process accuracy to enter the ultra-precision field.

In terms of intelligent manufacturing, the Company has built an intelligent decision-making system throughout the entire manufacturing process, and transformed the traditional inspection link into a process optimization node through real-time feedback from the intelligent AOI inspection system. What's more, the Company has established a collaborative research and development system, relying on the micro-analysis capabilities of the materials laboratory to achieve in-depth reverse research and development, upgrading the Digital Intelligent Lean System through Lean Six Sigma management to build a golden triangle of competitiveness of high-precision, high-yield, and high-elasticity in the field of precision manufacturing, and forming a three-dimensional competitive advantage in the field of high-end functional parts.

• In terms of internationalization, LINGYI iTECH promotes high-quality development with an international perspective and cultural integration.

Under the background of global supply chain reconstruction, the Company relies on the double-wheel drive of global manufacturing network and regional R&D centers to build a world factory, forming 58 production and service bases and 8 high-quality assembly bases covering three continents, and achieving the agile response capability of the whole chain of R&D, manufacturing and delivery, as well as local management of production and global delivery of products through the synergistic innovation of the eight R&D centers in mainland China, Taiwan, South Korea, Turkey, Brazil, Vietnam, and the United States. Through the synergistic innovation of eight R&D centers in mainland China, Taiwan, Korea, Turkey, Brazil, Vietnam and the United States, the Company has achieved the agile response capability of the whole chain of R&D, manufacturing and delivery, as well as the localized management of production and globalized delivery.

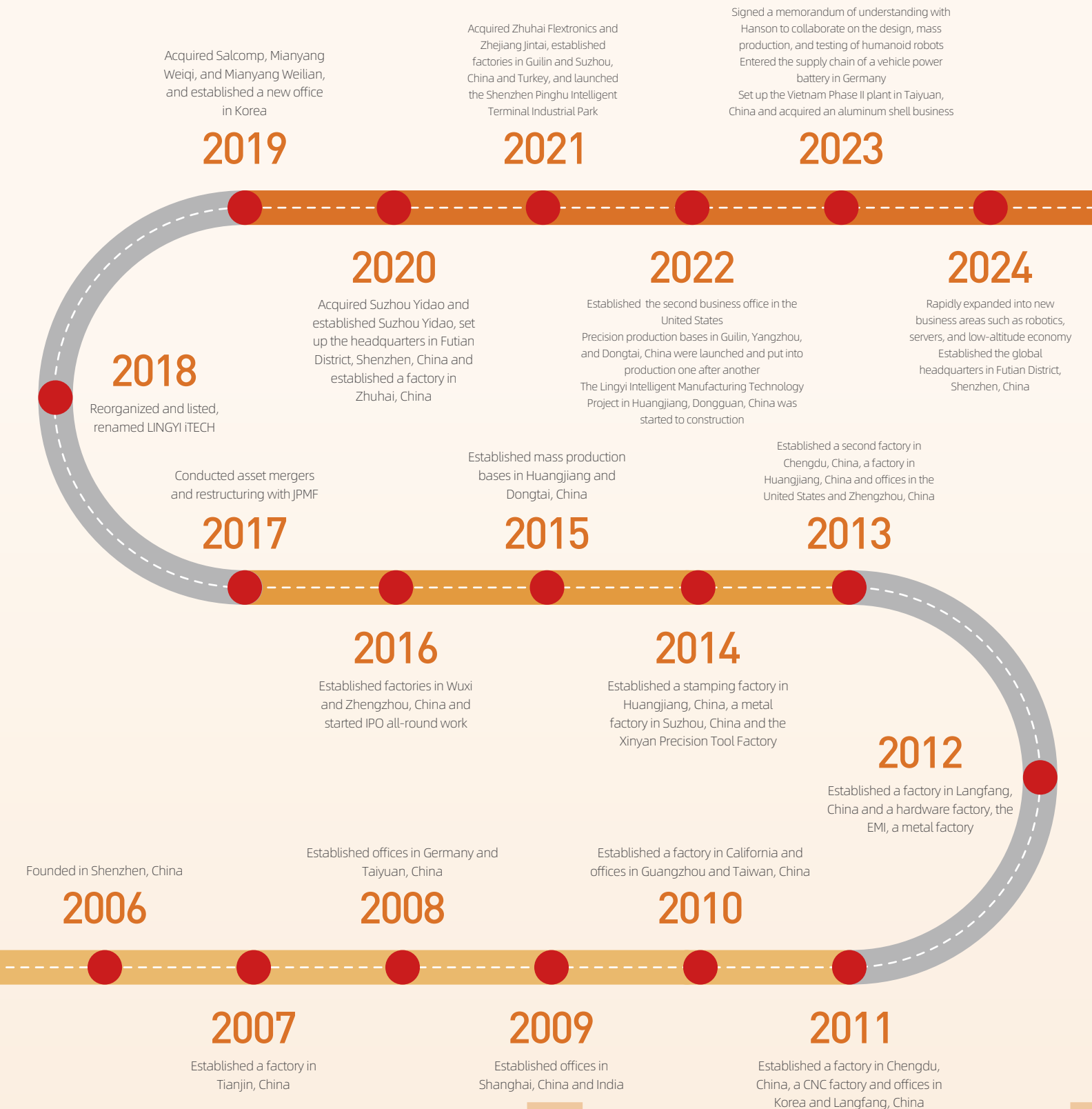
At the level of talent strategy, the Company has built a unique model of internationalization combined with localized operation, with 80% of VPs and above having multinational working backgrounds, and a diversified team of more than 13,000 expatriates, which, together with the mechanism of multi-language and cultural integration, has formed the ability of cross-cultural and cross-regional management. Through the construction of a strategic talent pool, we have cultivated more than 1,600 global talents in the past three years, and established an intergenerational management succession system to ensure the continuous evolution of the organization's vitality. At the same time, we have deeply coupled long-term values with PDCA closed-loop management, and built up a unique international competitive soft power through the mechanism of management self-innovation and the design of the organizational structure in which the proportion of female leadership exceeds the industry benchmark.

• In terms of low carbon, LINGYI iTECH has been practicing carbon neutrality declaration through energy conservation and emission reduction, carbon footprint management, energy management, the utilization of clean energy and energy storage, and material recycling.

The Company continuously responds to the call for "carbon neutrality" goals, accelerating the Company-wide energy-saving renovations of equipment and processes, increasing the use of clean energy, and accelerating the transformation of energy structure. Over the past three years, the Company has implemented energy-saving renovations on key high-energy-consuming equipment such as air compressors, central air conditioning systems, and cleanroom FFUs (Fan Filter Units), and established a factory-wide energy IOT platform and a smart energy management platform. The Company has procured 604,908 MWh of clean energy and solar photovoltaic projects have generated approximately 46.52 million kWh of electricity after being connected to the grid. Combined, these efforts are equivalent to reducing carbon dioxide emissions by about 350,000 tons. Additionally, several subsidiaries have received certifications including ISO 14064-1, ISO 14067, and ISO 50001.

In terms of material recycling, the Company actively deploys a variety of recycling and utilization methods including validation of PET original film and waste film particle applications, pelletizing and application validation of waste-containing waste films, and recycling of miscellaneous colored auxiliary materials. By focusing on key points such as substitution integration, optimal material usage, and recycling processes, the Company continuously promotes the implementation of material recycling across all facilities.

I Development Journey



I Corporate Culture

Mission

Lead the worldwide intelligent manufacturing, and strive to achieve goals

Vision

Become a world-leading intelligent precision manufacturing Company by modern management philosophy and unremitting effort to pursue excellence

Spirit

Pursue excellence, fulfill every mission

Core Values

Integrity and Pragmatism: Be realistic and keep your promises

Customer First: Exceed expectations and create value

Respect: Be strict with yourself and treat people in good faith

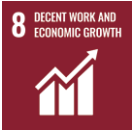
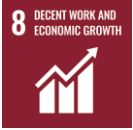
Responsibility: Face the problem, take on the burden

Long-termism: Achievements for the present and benefits for the future

Value Symbiosis: Solidarity and mutual benefit, sharing results



Highlights Performance

Governance	Highlights - The board of directors consists of a total of seven directors, including 3 independent directors and 2 female directors. - Audits related to anti-corruption, anti-bribery, and other business ethics were conducted 6 times. - The number of information security incidents is 0, the number of instances of data leakage is 0. - Strive to build a sustainable supply chain by establishing a number of environmental and business ethics control requirements for suppliers. - Conduct detailed conflict minerals investigations strictly in accordance with the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI). Responding to the SDGs   
Environment	Highlights - Procurement of domestic green certificates reached 568,791MWh, equivalent to a reduction of 305,213.25 tons of CO2 emissions - The photovoltaic power generation in mainland China reached 41,253,112.92 kWh, equivalent to reducing 22,136.42 tons of carbon dioxide emissions. - Participated in the CWP (Clean Water Program) to gain a comprehensive understanding of the Company's water use risks, and enhance the assessment of water stress and water balance. - Continuously optimize process flows by integrating the "3R" principles (Reduce, Reuse, Recycle) into lean production and intelligent manufacturing processes. - The revenue from renewable energy-related and energy-efficiency-related products was RMB 3.028 billion, and R&D investment in renewable energy-related and energy-efficiency-related products was RMB 51.7195 million. Responding to the SDGs     
Social	Highlights - Obtained certifications for multiple product quality management systems, including ISO9001 and QC080000. - Received several prestigious awards and honors for technological innovation, including the Guangdong Province Quality Innovation and Quality Improvement Achievement Award. - The Company has 70,319 employees in mainland China, with a 100% formal labor contract signing rate and social insurance contribution rate. - The total investment in training is RMB 87,607,300 yuan and the number of participants in online and offline training reaches 92,843, with a training coverage rate of 98.32%. Responding to the SDGs          

Honors and Awards

No.	Awards	Recipient	Awarding Authority	Time
LINGYI I TECH (GUANGDONG) COMPANY				
1	Sina Finance 2024 "Golden Responsibility Award" - Best Corporate Governance (G) Responsibility Award	LINGYI I TECH	Sina Finance	2025.01
2	Fortune China 500 in 2024 (NO.414)	LINGYI I TECH	Fortune China	2024.07
3	List of China's Top 500 Private Enterprises in 2024 (NO.382)	LINGYI I TECH	All-China Federation of Industry and Commerce	2024.10
4	List of China's Top 500 Private Manufacturing Enterprises in 2024(NO.257)	LINGYI I TECH	All-China Federation of Industry and Commerce	2024.10
5	Top 500 Private Enterprises in R&D Investment in 2024(NO.110)	LINGYI I TECH	All-China Federation of Industry and Commerce	2024.09
6	Top 500 Guangdong Enterprises in 2024(NO.90)	LINGYI I TECH	Guangdong Provincial Federation of Enterprises Guangdong Entrepreneurs Association	2024.09
7	Top 100 Private Enterprises in Guangdong in 2024 (NO.39)	LINGYI I TECH	Guangdong Provincial Federation of Enterprises Guangdong Entrepreneurs Association	2024.09
8	Top 100 Guangdong Manufacturing Enterprises in 2024 (NO.39)	LINGYI I TECH	Guangdong Provincial Federation of Enterprises Guangdong Entrepreneurs Association	2024.09
9	Top 100 Guangdong Innovative Enterprises in 2024 (NO.35)	LINGYI I TECH	Guangdong Provincial Federation of Enterprises Guangdong Entrepreneurs Association	2024.09
10	2024 Listed Company Board of Directors Best Practice Cases	LINGYI I TECH	China Association for Public Companies	2024.11
11	Top 100 Comprehensive Strength Enterprises in Guangdong Province's Electronic Information Manufacturing Industry in 2024(NO.19)	LINGYI I TECH	Guangdong Electronics and Information Industry Association	2024.07
12	8th China IR Annual Awards - Best Information Disclosure Award	LINGYI I TECH	Roadshow China	2025.01
13	The Second China Enterprise Carbon Neutrality Performance Ranking - Technology Innovation Breakthrough Award	LINGYI I TECH	YICAI	2024.04
14	21st Century Business Herald - The 2nd "Vitality-ESG" Innovation Forum Environmentally Friendly Cases	LINGYI I TECH	21st Century Business Herald 21jingji	2024.08

15	IFNews·2024 Third Green Finance Forum "ESG Practice Case"	LINGYI iTECH	IFNEWS	2024.11
16	NetEase Finance · 2024 Corporate Outstanding ESG Practice Case Selection"Annual Responsibility Pioneer" Award	LINGYI iTECH	NetEase Finance	2024.10
17	The 3rd Xinhua Credit Jinlan Cup ESG Outstanding Case - Low Carbon Practice Outstanding Case	LINGYI iTECH	China Economic Information Service	2024.12
18	2024 ESG Investment Value TOP100 List	LINGYI iTECH	STOCKSTAR, CHINDICES	2024.07
19	8th China IR Annual Awards - Best ESG Award	LINGYI iTECH	Roadshow China	2025.01
20	The Second KPMG ESG 50 Awards • Corporate Governance Pioneers	LINGYI iTECH	KPMG China	2024.12
21	2024 IDC China Future Enterprise Award - Excellence in Sustainable Development	LINGYI iTECH	IDC China	2024.09
22	2024 IDC China Sustainable Development Pioneer Case	LINGYI iTECH	IDC China	2024.09
23	Responsibility 100·The 8th CSR China Education List 2024 —TOP100 Best Responsible Corporate Brands	LINGYI iTECH	Responsibility100 CSR China Education Award Youth Impact Research	2024.10
24	Responsibility 100·2024 8th CSR China Education List —ESG Action Award	LINGYI iTECH	Responsibility100 CSR China Education Award Youth Impact Research	2024.10
25	The Second Easy-board ESG +8 "Value 100" List	LINGYI iTECH	Easy-board, Valueonline	2024.12
26	TOP100(NO.91)China Securities Index· 2024 A-share listed companies with outstanding ESG performance TOP100 (NO.91)	LINGYI iTECH	CHINDICES	2024.06
27	China Securities Index· 2024 A-share listed companies information technology industry ESG performance top 20	LINGYI iTECH	CHINDICES	2024.06
28	China Securities Index·2024 A-share Information Technology Industry ESG Information Disclosure Top 20	LINGYI iTECH	CHINDICES	2024.09
29	2024 Xiangguang Award - List of Good Enterprises (NO.15)	LINGYI iTECH	Xiangguang Weilai (Beijing) Technology Co., Ltd.	2024.08
30	Top 500 Most Valuable Chinese Brands in 2024 (NO.351)	LINGYI iTECH	GYBrand	2024.05
31	2024 Tonghuashun listed Company annual list "Top 100 Most Popular Companies"	LINGYI iTECH	Tonghuashun	2024.12

32	21st Century Capital Market "Golden Sail" Sample Case - 2024 Outstanding Listed Companies	LINGYI ITECH	21st Century Business Herald	2024.06
33	Xueqiu 2024 Investor Relations Management Award	LINGYI ITECH	Xueqiu	2024.09
34	Mobile Application Innovation Competition Supply Chain Group - Best Innovation Proposal Award	LINGYI ITECH	Computer Education Research Association of Chinese Universities	2024.08
35	Lenovo Group Global Supplier Conference 2024-Perfect Quality Award	LINGYI ITECH	Lenovo	2024.05
36	"Best Partner" of Xiaomi Global Core Supplier Conference 2024	LINGYI ITECH	Xiaomi	2024.12
37	"Best Partner" of Xiaomi Global Core Supplier Conference 2023	LINGYI ITECH	Xiaomi	2024.04
38	2023 Honor Supplier Quality Conference "Quality Management Gold Award"	LINGYI ITECH	Honor	2024.04
39	The 6th BOE Global Supplier Partner Conference	LINGYI ITECH	BOE Technology Group Co., Ltd.	2024.03
40	First Prize in the 4th Guangdong Quality Innovation and Quality Improvement Achievements Competition - Project to Reduce DXG856 Small Parts Shifting Defects	LINGYI ITECH	Guangdong Association for Quality	2024.10
41	First Prize in the 4th Guangdong Quality Innovation and Quality Improvement Achievement Presentation Competition - Project on Reducing Metal Plate Assembly Dimension Defects	LINGYI ITECH	Guangdong Association for Quality	2024.10
42	First Prize in the 4th Guangdong Quality Innovation and Quality Improvement Achievements Competition - Reducing the appearance defects of the outer ring of DTF	LINGYI ITECH	Guangdong Association for Quality	2024.10
43	First Prize in the 4th Guangdong Quality Innovation and Quality Improvement Achievements Competition - Improve the matching rate of upper and lower covers of YFF earphone shells	LINGYI ITECH	Guangdong Association for Quality	2024.10
44	Guangdong Quality Association Quality and Technology Award - Single Technology Award - Project to Reduce Defects of Shielding Cover ADU822	LINGYI ITECH	Guangdong Association for Quality	2024.01
45	Guangdong Quality Association Quality and Technology Award - Single Technology Award - Reducing the defective rate of DJJ649A-grade surface knife marks	LINGYI ITECH	Guangdong Association for Quality	2024.01
46	Quality QCC Project Improvement Presentation Contest Bronze Award - Reduce the defective rate of welding logo printing in Project A	LINGYI ITECH	Shenzhen Association for Quality	2024.09
47	Quality QCC Project Improvement Presentation Contest Excellence Award - Reducing DMEA55 Pitch Dimension Defect Rate	LINGYI ITECH	Shenzhen Association for Quality	2024.09
48	Quality QCC Project Improvement Presentation Contest Excellence Award - Reducing the X94 inner ring contamination defect rate	LINGYI ITECH	Shenzhen Association for Quality	2024.09
49	Quality QCC Project Improvement Presentation Contest Excellence Award - Reducing the Defective Rate of Sidewall Bevel Knife Marks of DXK621	LINGYI ITECH	Shenzhen Association for Quality	2024.09

Subsidiaries				
1	Best Employer	Salcomp Turkey Co., Ltd.	Istanbul Metropolitan Municipality-IMM Regional Employment Bureau, Türkiye	2024
2	2023 Xiaomi Mobile Phone Supply Chain "Best Delivery Award"	Salcomp (Shenzhen) Co., Ltd.	Xiaomi	2024.04
3	BYD 2024 Supplier Quality Excellence Award	Salcomp (Shenzhen) Co., Ltd.	BYD	2025.02
4	Top 100 Private Enterprises in Dongguan in 2024	LINGYI iTECH (DONGGUAN) CO., LTD.	Dongguan Municipal People's Government	2024.11
5	Top 100 Private Industrial Enterprises in Dongguan in 2024	LINGYI iTECH (DONGGUAN) CO., LTD.	Dongguan Municipal People's Government	2024.11
6	2023 Dongguan City Benefit Contribution Award	LINGYI iTECH (DONGGUAN) CO., LTD.	Dongguan Municipal People's Government	2024.02
7	Advanced female workers collective	JPMF Jiangyi Co., Ltd.	Jiangmen Federation of Trade Unions Women Workers Committee	2024.04
8	2023 Hengli Town Benefit Contribution Award	LINGYI iTECH (DONGGUAN) CO., LTD.	Hengli Town People's Government, Dongguan City	2024.02
9	2023 Hengli Town Business Income Award	LINGYI iTECH (DONGGUAN) CO., LTD.	Hengli Town People's Government, Dongguan City	2024.02
10	2023 Hengli Town Benefit Contribution Award	Dongguan Obi-di Precision Hardware Co., Ltd.	Hengli Town People's Government, Dongguan City	2024.02
11	Enterprises with outstanding economic growth in the first half of 2024	Triumph Lead Electronic Technology (Shenzhen) Co., Ltd.	Pinghu Subdistrict Office, Longgang District, Shenzhen	2024.08
12	Enterprises with outstanding economic growth in the first half of 2024	Lingyi Technology (Shenzhen) Co., Ltd.	Pinghu Subdistrict Office, Longgang District, Shenzhen	2024.08
13	Top 30 Commercial Enterprises of 2023	Lingyi Technology (Shenzhen) Co., Ltd.	Pinghu Subdistrict Office, Longgang District, Shenzhen	2024.08
14	Top 10 Taxpayers in 2023	Shenzhen Linglue Machine Co., Ltd.	Pinghu Subdistrict Office, Longgang District, Shenzhen	2024.08
15	Top Ten Industrial Enterprises in 2023	Shenzhen Linglue Machine Co., Ltd.	Pinghu Subdistrict Office, Longgang District, Shenzhen	2024.08
Individual				
1	Forbes China's Top 100 Business Women	Chairman Ms. Zeng Fangqin	Forbes China	2024.3.8
2	2024 Female CEO of the Year	Chairman Ms. Zeng Fangqin	Jiemian News	2024.11.22

Sustainable Development Management

ESG and Risk Management

The Company has established an ESG management structure comprising the Board of Directors, the Social Responsibility Committee and the ESG working group. The Board of Directors serves as the ultimate supervisory body for the Company's ESG and climate change matters. It is responsible for evaluating and confirming the Company's ESG and climate change-related risks and opportunities, and holds overall responsibility for the ESG management system and disclosure of information. The Social Responsibility Committee includes senior members from Operations, HR, EHS, CSR, and Administration departments. The committee aims to elevate sustainable development to the highest levels of corporate management. The ESG working group is responsible for coordinating ESG efforts across various business units. It oversees critical issues and drives the Company's ESG practices forward.

Board of Directors

- Develop a corporate sustainable development strategy.
- Assess and identify the Company's environmental, social and governance-related risks and opportunities.
- Evaluate the Company's sustainable development implementation performance.
- Approve information disclosed in the Company's sustainability reports.
- Approve the Company's sustainable development strategy, major projects and related work plans, and receive reports on the results of the Social Responsibility Committee.

Social Responsibility Committee

- Supervise the implementation of labor rights, environmental health and safety, and social responsibility management systems within the Company.
- Interpret customer social responsibility standards and develop internal policies accordingly.
- Liaise with international brand customers to communicate on social responsibility matters and control internal risks.
- Coordinate the promotion of social responsibility awareness, and regularly conduct social responsibility training for various subsidiaries and departments.

ESG Working Group

- The ESG Working Group oversees and coordinates ESG efforts across various business units, monitors key issues, and drives the Company's ESG practices.
- Prepare the Company's annual sustainability report and other relevant disclosures.
- Develop and implement policies and measures to support the execution of sustainable development strategies.
- Coordinate efforts to improve and maintain the Company's ESG ratings.

HR

Administration

Audit

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EHS

IT

Procurement

.....

Promote and maintain the Company's CSR performance

Promote and maintain the Company's CSR performance

LINGYI iTECH Sustainable Development Management Structure

The Company has set up a special social responsibility audit team to conduct social responsibility audits of subsidiaries within the Company, including risk control of labor and human rights, occupational health and safety, environment, business ethics, and management system, so as to enhance the sustainable development performance of subsidiaries in terms of social responsibility and environmental protection. The Company's social responsibility risk control is divided into three modes: social responsibility internal audit (the internal audit team audits subsidiaries based on regulations and customers' requirements); special sampling (special audits are conducted on some high-risk modules); and training and empowerment (through training to help personnel from various departments of subsidiaries to identify operational risks in their daily work, and to continuously provide optimization suggestions and technical support for sustainable improvement). In 2024, the Company had 26 internal audits on social responsibility, 292 special audits, 189 social responsibility trainings for subsidiaries, and a 100% passing rate of customer social responsibility audits.

The Company has formulated a social responsibility reward and punishment system. If any social responsibility violation is found in the Company's social responsibility risk control, the amount of bonus allocated to the relevant responsible persons and leaders in charge (including senior management) will be reduced accordingly.

Social Responsibility Awareness Promotion and Empowerment Activities

Social Responsibility Knowledge Competition for All Staff	In February, the Company organized a group-wide social responsibility (SR) knowledge competition with prizes. Over 12,000 people participated in the event, which was designed to enhance the social responsibility compliance awareness of all employees.
the Company Social Responsibility Month	In May, for the Company Social Responsibility Month, the Company promoted social responsibility knowledge across all factory sites through methods such as poster displays and video screenings.
Promotion and Training of Social Responsibility Awareness for All Staff	The training covers new managers, junior managers, senior managers and key positions, and the training programs include knowledge of social responsibility, interpretation of customer requirements, and social responsibility requirements for key modules.



Stakeholder Engagement

Adhering to the values of "integrity and pragmatism, customer first, respect, responsibility, long-termism, and value symbiosis", the Company has always been committed to maintaining honest and trustworthy relationships with our customers, employees and partners, and has continued to improve the multi-level and multi-directional communication channels with our stakeholders, including customers, employees, communities and partners, in order to gain the trust and support of our stakeholders, including customers, employees, communities and partners and continue to improve our ESG management.

LINGYI iTECH Stakeholder Engagement

Key Stakeholders	Expectations and Concerns	Modes of Communication and Response
Shareholders / Investors	- Continued growth in operating performance - Good market capitalization performance - Enhancement of Company value - Open and transparent corporate information - Sustainable development model	- Convening a general meeting of shareholders - Publishing Company announcements and periodic reports - Holding investor conferences, performance presentations and site visits - Timely disclosure of material business information and ad hoc announcements, regular release of financial data - Company's website, Shenzhen Stock Exchange interactive platform
Employees	- Employment and rights protection - Employee compensation and well-Being - Clear career development - Diverse employee training - Employee safety and health	- Employee sports and cultural activities - Establishment of a three-dimensional training system - Establishment of a smooth promotion system - Diversified benefits for employees - Sound health and safety system
Customers	- High quality products - R&D and innovation capabilities - Information security and data protection	- Establishment of customer enquiry and complaint hotline - Customer satisfaction survey and complaint return visit - Customer needs research and project reporting
Government and Regulatory Authorities	- Complying with the law and operating in a compliant manner - Accepting supervision and providing timely information reports - Paying taxes in accordance with the law and promoting economic development	- Complying with laws and regulations - Cooperating with regulatory inspections - Regular and Temporary Information Disclosure - Enhancement of Integrity Supervision
Environment	- Mitigating the greenhouse effect - Reducing resource consumption - Mitigating the environmental impact of operational activities	- Establishment of an environmental management system - Carrying out environmental education - Carrying out three-waste management - Conducting resource conservation activities - Conducting GHG management - Energy saving and consumption reduction to promote green production
Partners	- Mutually Beneficial and Win-Win - Promoting the healthy development of the industry	- Participating in or organizing industry forums and networking events - Co-operating in business negotiations
Suppliers	- Growing with the business - Fair and transparent procurement - Clean Procurement	- Publication of tender notices, public tender process and results - Supplier Management - Supplier screening - Responsible Purchasing - Sunshine Purchasing - Create green procurement chain
Community	Focus on and support community development	- Charitable Giving - Participation in Voluntary Public Service

Management of Material Issues

We mainly refer to domestic and international sustainability guidelines, S&P Global CSA and MSCI ESG Rating, ESG issues of peers, and collect issues by combining the Company's industry, operational characteristics, and stakeholder communication, etc. We have compiled 27 issues, including 4 governance issues, 9 environmental issues, and 14 social issues.

Theme	Number	Issues	Theme	Number	Issues
Governance	1	Sustainable Development Management	Social	14	Intellectual Property Management
	2	Compliance Governance		15	Product Quality and Safety
	3	Risk Management		16	Use of Green and Energy-Efficient Products
	4	Business Ethics		17	Customer Service Management
Environment	5	Climate Change and Greenhouse Gases		18	Information Security and Privacy Protection
	6	Water Management		19	R&D and Innovation
	7	Energy Management		20	Sustainable Supply Chain
	8	Opportunities in Clean Tech		21	Conflict Minerals Management
	9	Wastewater Management		22	Employee Rights Protection
	10	Chemical Management		23	Occupational Health and Safety
	11	Packaging and Raw Material Management		24	Employee Compensation and Benefits
	12	Exhaust Gas Management		25	Employee Training and Development
	13	Waste Management		26	Labor Standards
				27	Community Investment

We have also considered the dual materiality principle, impact materiality and financial materiality, as set out in the Shenzhen Stock Exchange Listed Companies No. 17 - Sustainable Development Report (Trial), and combined the internal and external stakeholder surveys with external experts' opinions to sort out and prioritize the materiality issues for FY2024. The final ranking of material issues was confirmed by the Board of Directors and senior management.



01

Precision Governance, Strengthening Foundations

Effective corporate governance is essential for the stable operation and sustainable development of a Company. LINGYI iTECH continuously optimizes the governance structure, clarifies internal governance standards, strengthens risk management capabilities, and enhances governance efficiency and standards. By building a more scientific and efficient governance system, the Company safeguards the legitimate rights and interests of the enterprise and all stakeholders, ensuring long-term growth.

Responding to the SDGs



Our Actions

- The board of directors consists of a total of seven directors, including 3 independent directors and 2 female directors.
- A total of 2 online earnings briefing sessions were held, along with 3 online teleconferences, and 5 offline investor exchange activities. The Company received 234 inquiries and communications via the Interactive Easy Platform, of which 204 have been responded to.
- The number of complaints from customers regarding privacy and data breaches is 0, the number of information security incidents is 0, the instance of data leakage is 0.
- Audits related to anti-corruption, anti-bribery, and other business ethics were conducted 6 times.

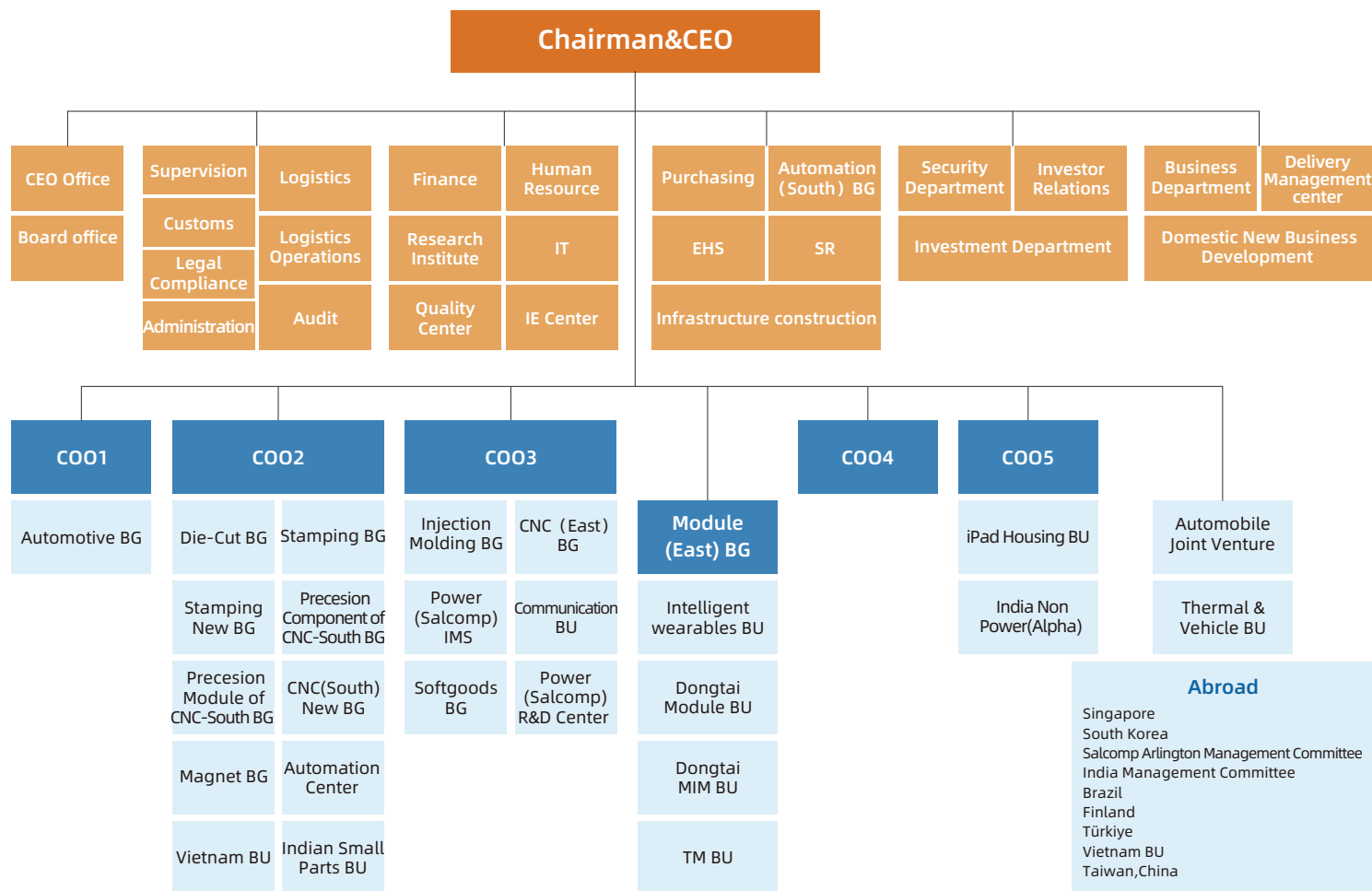
Improving Corporate Governance

LINGYI iTECH continuously improves the corporate governance mechanisms, establishing a robust board of directors and consistently prioritizing investor communication. The Company strengthens information disclosure and actively builds transparent communication channels with all stakeholders. These efforts promote steady business growth and guide the Company towards long-term success.

Organizational Structures and Mechanisms

The Company strictly adheres to the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Code of Corporate Governance for Listed Companies. The Company continuously optimizes the corporate governance structure, establishing a governance framework comprising the shareholders' meeting, the board of directors and our specialized committees, the board of supervisors, and the management team. The Company updates and iterates internal control systems to strengthen the foundation of corporate governance.

In 2024, the Company revised the Internal Audit System, the External Guarantee Management System, the Annual Reporting System for Independent Directors, the Dividend Management System, the Accounting Firm Selection and Appointment System, and the Management System for the Specialized Storage and Use of A-share Proceeds to promote the further improvement of the Company's governance structure.



LINGYI iTECH Organizational Chart

Board Construction

The general meeting of shareholders, the board of directors and the supervisory board of the Company have clear division of powers and responsibilities, and each of them performs its own duties with mutual constraints. Among them, the board of directors has set up four specialized committees, namely the audit committee, the strategy and development committee, the remuneration and assessment committee and the nomination committee, which are responsible for overseeing the affairs of the Company.

Board Membership and Diversity

The Company regards the diversity of the board of directors as a key element to support the Company in achieving its strategic objectives and maintaining sustainable development. We strictly follow the provisions of the Company's Articles of Association and other systems to effectively implement the policy on diversity. All appointments to the Board of Directors take into account a combination of factors, including but not limited to, work history and independence, and the principle of diversity, including, but not limited to, a variety of factors, such as age, gender, culture, education, professional experience, skills, academic background, years of service, and ethnicity.

List of Board Members

Name	Gender	Age	Education	Professional Experience
Zeng Fangqin	Female	59	Master	Electronic Manufacturing
Jia Shuangyi	Male	46	Bachelor	Human Resource Management
Li Bo	Male	52	Master	Electronic Manufacturing
Huang Jinrong	Female	44	Bachelor	Financial Management
Liu Jiancheng	Male	69	Ph.D	Financial Management
Ruan Chao	Male	41	Master	Financial Management
Cai Yuanqing	Male	56	Ph.D	Law

The Company's board of directors consists of a total of 7 directors, including 2 female directors and 3 independent directors, who provide independent and impartial reference and advice for the Board's decision-making. The average tenure of the board members is 3 years, and the current directors have solid professional qualifications and good educational backgrounds, with 2 directors having obtained Ph.D. In 2024, the Company held a total of 14 board meetings, with an attendance rate of 100 percent of the board of directors.

Committees

The Company's specialized committees perform the responsibility of supervising and deliberating on various matters of corporate governance in accordance with the Company's Articles of Association and the Working Rules for Specialized Board Committees. The members of the committees are directors of the Company and are elected by the board of directors, are responsible to the board of directors, and report to the board of directors on a regular basis on the work of the committees.

Committee	Duty	Performance
Audit Committee	- Independent directors are in the majority and act as convenors, and at least one independent director is a professional accountant. - Mainly responsible for communication, supervision and verification of the Company's internal and external audits. - Reviewing and expressing an opinion on the Company's financial reports - Supervising and evaluating the Company's internal controls.	- A total of 8 audit committee meetings were held, with an attendance rate of 100%. - Consideration of the Company's regular financial reports, use of proceeds, explanation of the reasonableness of the provision for asset impairment, changes in accounting policies, etc., with audit scope covering all businesses.

Nominating Committee	• Mainly responsible for researching and making recommendations on the candidates, selection criteria and procedures for directors and senior management of the Company. • Examining and making recommendations on candidates for directors (including independent directors) and senior management candidates. • Making recommendations to the board of directors on the size and composition of the board of directors.	• A total of 3 nomination committees meetings were held with an attendance rate of 100%. • Meetings were held to review the qualifications of non-independent director candidates.
Strategy and Development Committee	• Responsible for conducting research and making recommendations on the Company's long-term development strategic planning. • Responsible for conducting studies and making recommendations on major investment and financing programs. • Responsible for conducting studies and making recommendations on major capital operation and asset management projects.	• A total of 1 strategy and development committee meeting was held, with an attendance rate of 100%. • The meeting mainly discussed and planned for equity incentives and external investments, etc.
Remuneration and Assessment Committee	• Responsible for formulating assessment criteria for directors and senior management of the Company and conducting the assessment. • Responsible for formulating and reviewing the remuneration policies and programs for the Company's directors and senior executives. • Responsible for supervising the implementation of the Company's remuneration system and proposing resignation and removal of directors and senior management for non-compliance and non-diligence, etc.	• A total of 5 remuneration and assessment committees meetings were held, with an attendance rate of 100%. • The meetings were mainly to confirm the implementation of the Company's remuneration policy for directors, supervisors and senior management staff.

Supervisory Board

The supervisory board of the Company follows the Company's Articles of Association, Rules of Procedure of the Supervisory Board and other rules and regulations, and is accountable to all shareholders of the Company in accordance with the law, and supervises the finances of the Company, as well as the lawfulness and compliance of the performance of duties by the directors, managers and other senior management of the Company. The supervisory board elects supervisors in strict accordance with the Company Law of the People's Republic of China, the Listing Rules of the Shenzhen Stock Exchange and other relevant regulations, and the supervisory board consists of three supervisors, including two supervisors as representatives of shareholders and one supervisor as a representative of employees. Supervisors represented by shareholders shall be elected and replaced by the general meeting of shareholders, supervisors represented by employees shall be democratically elected and replaced by the employees of the Company.

In 2024, the Company's supervisory board held 13 meetings with an attendance rate of 100%.

General Meeting of Shareholders

The Company convenes and holds general meetings of shareholders in strict accordance with relevant laws and regulations and regulates the behavior of shareholders. During the reporting period, six general meetings of shareholders were convened, with an attendance rate of 100%. In accordance with the relevant requirements and provisions of the Company's Articles of Association, the Company proactively communicated and exchanged views with shareholders, especially small and medium-sized shareholders, through a variety of channels (including but not limited to the provision of online voting, inviting small and medium-sized shareholders to attend the meetings, etc.), fully listened to the opinions and demands of small and medium-sized shareholders, and timely responded to the concerns of small and medium-sized shareholders, and carried out separate counting for large and small-sized shareholders to safeguard the right to make proposals, the right to be informed and the right to voice of institutional Separate vote counting is conducted for large and small shareholders to safeguard the rights of institutional investors and small and medium shareholders to make proposals, to be informed and to have a say. Relevant shareholders were disqualified from voting during the consideration of connected items to protect the legitimate rights and interests of all shareholders and to ensure that all shareholders enjoy equal status.

The Company has implemented a continuous and stable profit distribution policy. The profit distribution places emphasis on reasonable investment returns to investors, sufficiently listens to the opinions of independent directors and minority shareholders, and maintains the continuity and stability of the profit distribution policy, taking into account the sustainable development of the Company.

Remuneration System

The Company strictly follows the remuneration decision-making procedures and determines the remuneration packages of directors, supervisors and senior management by the board of directors, the supervisory board and the general meeting of shareholders in accordance with the process of formulation, supervision and deliberation.

Procedures for Resolutions on Remuneration of Directors, Supervisors and Senior Executives

Formulation of Plans	Remuneration plans for directors, supervisors and senior management of the Company proposed by the remuneration and assessment committee.
Supervisory	The remuneration and assessment committee is responsible for overseeing the implementation of the Company's remuneration system and making recommendations such as resignation and removal of directors and senior management for non-compliance and non-diligence.
Consideration and Adoption	The remuneration package for directors will be implemented after consideration and approval by the board of directors and the general meeting of shareholders, the remuneration package for supervisors will be implemented after consideration and approval by the supervisory board and the general meeting of shareholders, and the remuneration package for senior management will be implemented after consideration and approval by the board of directors.

Investor Relations Management

The Company attaches great importance to investor relations management, based on the Investor Relations Management System, and carries out investor communication activities through roadshows, telephone calls, WeChat, Interactive Easy platforms, etc., and establishes two-way communication channel management with investors and investment institutions to enhance investors' understanding and recognition of the Company. Our investor relations management work is responsible by the secretary of the board of directors of the Company, and the investor and media relations department serves as the investor relations management department of the Company. In 2024, the Company held a total of 2 online performance briefing sessions, 3 online telephone communication meeting times, 5 offline investor communication activities, received 234 Interactive Ease platform inquiries and communications, and responded to 204. The Company was awarded the A grade in the annual information disclosure evaluation of the Shenzhen Stock Exchange.

LINGYI iTECH Investor Relations Principles

- 01 Compliance: Fulfill information disclosure obligations in accordance with the law and comply with the industry's code of ethics and code of conduct.
- 02 Equality: Equal opportunities for investors, especially for small and medium-sized investors to participate in activities to create opportunities and provide convenience.
- 03 Proactivity: Proactively carry out investor relations management activities, listen to opinions and suggestions, and respond to investor demands in a timely manner.
- 04 Honesty and Trustworthiness: Focus on honesty and integrity, adhere to the bottom line, standardize operations, take responsibility and create a good market ecology.

Key Investor Relations Approaches

- Holding general meetings of shareholders
- Company website
- On-site visit, investor education base, reception of visitors, seminar or one-on-one communication
- Advertising, media, press and other promotional materials
- Investor briefing, performance presentation, analyst meeting and roadshow
- Telephone inquiries, fax inquiries, e-mail inquiries and interactive e-commerce inquiries

Case

LINGYI iTECH Demonstrates the Vitality of Chinese Capital Markets on an International Stage

From 22nd to 23rd May 2024, the "New Horizons of Investing in China - New Trends in A-share Investment" roadshow opened in Paris, France and London, UK respectively. LINGYI iTECH, as one of the representative listed companies on the Shenzhen Stock Exchange, jointly demonstrated the operational strength and broad investment potential of Chinese enterprises, attracting nearly 200 investors from various European countries. At the event, Ms. Zeng Fangqin, Chairman and General Manager of LINGYI iTECH, emphasized the Chinese central position in the global consumer electronics industry, and detailed how the Company is accelerating the pace of technological self-reliance through the innovation-driven strategy.

Ensuring Compliance

LINGYI iTECH regards strengthening compliance governance and implementing risk control as key tasks. With a robust compliance management system and standardized procedures in place, the Company drives the management towards a more systematic and regulated direction. This enhances the Company's compliance management and risk resistance capabilities, fostering a positive and healthy corporate environment.

Compliance Management

The Company attaches great importance to corporate compliance management. In the term of compliance management system, we formulate compliance management methods, legal risk management system and other rules and regulations, clarify the objectives, principles and processes of compliance management, classify compliance risks into five categories, create a comprehensive compilation and analysis of risks by collecting risk lists of each department and plan to create a database, formulate targeted preventive and control measures, and carry out compliance training to improve the compliance awareness and capability. In 2024, the Company carried out 14 compliance specialized trainings.

In terms of compliance management system construction, we cooperate with law firms in the locations where we operate to ensure the compliant operation of our business at home and abroad. In terms of information construction, we go online with electronic signatures and build a full-cycle management system to achieve all-round monitoring of business processes. We carry out special legal training, analyze key cases in depth, summarize lessons learned and provide strong references for corporate compliance management.

In order to adapt to the domestic and international market and regulatory requirements, to protect the Company's domestic and overseas business compliance and delivery, the Company set up the customs compliance management department and regional customs compliance management department. Combined with the factory self-inspection and self-correction and the Company's auditing, the introduction of the customs management IT system, the training of the publicity and enhancement of the customs compliance awareness of the whole staff, this year, the Company passed the customs audit check many times smoothly without any abnormality, "0" abnormalities and "0" customs administrative penalties. The related departments established and optimized the AEO process system to ensure supply chain security and continuous compliance with the customs AEO advanced certification standards.



The Customs AEO Certificate of Shenzhen Linglue Machine Co., Ltd.



The Customs AEO Certificate of Salcomp (Shenzhen) Co., Ltd.

Audit Management

In accordance with the Audit Law of the People's Republic of China, the Rules for Listing of Stocks on the Shenzhen Stock Exchange, the Provisions of the National Audit Office on Internal Auditing and the relevant provisions and requirements of the Company's Articles of Association, the Company has formulated an internal audit system, which evaluates and audits the effectiveness of internal control and risk management of the Company's various divisions and subsidiaries covering all businesses, the truthfulness and completeness of the financial information as well as the efficiency and effectiveness of the operating activities, and carried out full-scope mapping, investigation and handling of high-risk areas of business ethics, including plant operation audits, special audits, complaint investigations, and audits of the departure of senior executives. The relevant matters are reported directly to the board of directors and supervised by the board of directors. At present, all problematic areas have been rectified.

The Company continuously improves the internal control system and promotes the construction of internal control systems. Each department formulates relevant management systems based on its own functional characteristics and carries out risk identification and risk response. The risk management of each department is managed by the highest person in charge of the department.

Risk Category	Risk Content	Response
Environmental Risk	Climate Change Risk	We start from the dimensions of physical risk and transformation risk, the possible impacts of climate change on the Company's own business segments and finances in different time horizons, such as short-term (1-2 years), medium-term (3-5 years), medium- to long-term (6-9 years), and long-term (10 years and above), are identified, and management measures are formulated accordingly.
	Environmental Emission Risk	We improve our own operations, establish an emergency response mechanism for accidents, standardize environmental emissions in all matters, and prevent environmental compliance risks.
Social Risk	Product Quality Management Risk	Through an independent and rigorous business line and a strict and effective quality supervision system, we prevent product quality risks through quality management in the whole life cycle of products, including product R&D, raw material procurement, product production, product audit and product distribution.
	Supply Chain Risk	We take the initiative to identify possible risks in all aspects of our own supply chain management, and carry out on-site audits, monthly reviews, annual appraisals and other risk auditing measures for suppliers.
	Intellectual Property Protection Risk	We clarify the intellectual property management organization and formulate the Intellectual Property Management Regulations to regulate the processes of application, maintenance, transfer, authorised use and protection of rights in respect of patents, trademarks and copyrights, and improve the trade secret management and protection system.
	Labor Relations Risk	We improve the labor management system, maintain good communication with employees through multiple channels, and handle employee feedback efficiently.
	Employee Health and Safety Risk	Occupational health and safety and fire protection are included in the scope of the EHS audits to strictly control the safety production and occupational health of the Company and our member enterprises, and we provide a safe environment for employees and protect them from occupational injuries.
	Technology Innovation Risk	We are making efforts in the direction of new energy battery structural parts, AR/VR, carbon fibre and so on. In new energy battery structural parts, through process improvement, mold R&D, reduce the waste of raw materials, reduce the cost, enhance the competitiveness of the Company, the goal is to become the leading Company in the new energy battery structural parts industry. R&D on AR/VR technology to provide customers with high quality products and services, aiming to become the industry benchmark. Focus on the development of thermoplastic carbon fibre products to solve the pain points of thermoset carbon fibre products, reduce the waste of raw materials and improve the material utilization rate.
Governance Risk	Business Ethic Risk	The audit department was established under the direct supervision of the audit committee of the board of directors to promote the implementation of business conduct and business ethics management, conduct integrity training for employees, and carry out anti-corruption, anti-corruption and other business ethics internal audit audits.
	Finance Risk	Industry technology iteration and changes in market demand may trigger inventory impairment pressure, especially in the field of consumer electronics where the product cycle is short, inventory management is difficult; international business accounted for a large proportion of the exchange rate fluctuations are prone to exchange gains and losses, coupled with the uncertainty of the global trade policy may push up operating costs.

Information Security and Privacy Protection

We are committed to protecting the information security of every business partner and employee, and regard the protection of customer information, data and privacy as an important part of our operation management. The Company strictly abides by laws and regulations such as the Cybersecurity Law of the People's Republic of China and international information security standards such as ISO/IEC27001:2013 and other standards and norms, establishes a perfect data security management system, and carries out data security training for employees on a regular basis to cope with the ever-changing data security threats.

The Company promptly identifies, alerts, intercepts, and responds to all types of high-risk information security incidents, and collects and uses employees' personal information in accordance with the principles of legality, legitimacy, and necessity. The privacy information protection system established on the basis of customer requirements also keeps customers informed in a timely manner. Depending on the characteristics of the information obtained, the customer decides how to collect, use, retain and dispose of the information, as well as the period of time for which it will be kept in the Company's files. Through the Employee Handbook and other management systems, we emphasize and stipulate that employees shall not disclose corporate secrets or customer information they come into contact with in the course of their work to third-party companies or individuals, and that they shall not arbitrarily disclose the privacy and information of other partners such as customers and suppliers.

Information Security Protection

The Company has formulated internal systems such as the Information Security Management Manual, Information Security Incident Management Procedures, Information Security Specifications and Penalty Regulations for Non-compliance, and Information Security Document and Data Control Procedures to ensure the implementation of information security and data work. In 2024, 16 production entities of LINGYI iTECH have been certified with ISO27001 information security management system.

Information Security Objectives

We have set "zero major information security (incident) accidents" as our information security management department, and have cascaded our information security objectives to the departments directly responsible for the relevant processes, formulated corresponding target management plans, and regularly tracked the achievement of the targets. In 2024, the Company did not have any information security accidents.

In 2024

- Complaints received from customers regarding privacy and data leakage: 0
- Information security incidents: 0
- Instances of data leakage: 0

Information Security Management System

The information security management structure with the board of directors as the highest responsible organization has established an Information Security Committee, which is responsible for information security management and supervision of related matters. At the same time, we set up the Information Security Group as the highest organization for information security management, responsible for the decision-making and coordination of major network and information security matters of the Company. The IT department of the Company, as the focal point of information security incident management, is mainly responsible for implementing the laws and regulations, standards and norms, rules and systems, and security protection technical measures of the state and higher units related to network and information security. As the co-ordination and management department of information security incidents, the Company's System Department is responsible for participating in the investigation of information security incidents with the IT Department, informing customers in a timely manner, and collecting statistics and analyses and reporting on information security work on a regular basis.

We attach great importance to the effectiveness of our information security management system, which is personally chaired by the board of directors, and conducts a management review at least once a year to comprehensively review the system scope, policy, objective compliance and effectiveness of control measures. In accordance with the Internal Audit Control Procedures, we conduct information security internal audits once a year to follow up on non-conformities of the internal audits and to promote the Company's realization of continuous improvement in information security.

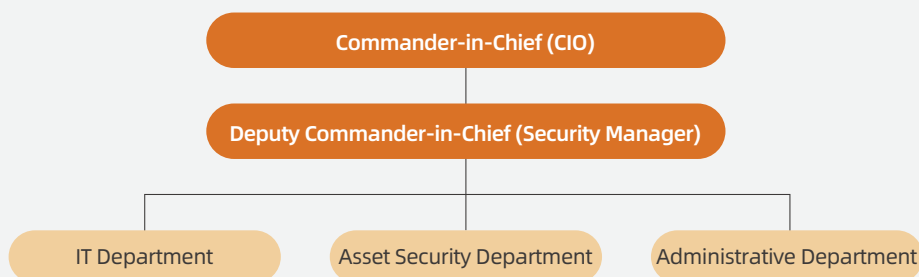
Information Security Risk

We have formulated the Information Security Risk Assessment Management Procedures, and our information security group carries out information security risk assessment work and risk analysis every 12 months, or when major changes occur or when the ISO/IEC27001 information security management system standard is updated. We classify the risk level into high, medium and low, and the Information Security Committee has formulated the Information Security Risk Assessment and Disposal Plan, which specifies the responsible department, person in charge, purpose and scope of risk handling, as well as the disposal strategy.

In order to analyze potential non-conformities in the information security management process in a more comprehensive manner, we have established the Corrective and Preventive Measures Control Procedures to take preventive measures according to the severity of the potential problem, and to follow up and verify the corrective and preventive measures report on information security non-conformities by each department by the person responsible for information security management.

Emergency Response Plan for Information Security Incidents

Based on the Emergency Response Procedures for Information Security Incidents, Information Security Incident Management Procedures and emergency response mechanisms, once a security incident occurs, we will deal with it at the first time in accordance with the corresponding mechanisms to protect the normal operation of the Company's business and minimize the impact of the incident, and carry out data leakage emergency drills on a regular basis in order to enhance the staff's information security and data emergency response capability. In 2024, the Company carried out data leakage drills for 6 times without any data leakage incident and did not involve in any legal proceedings against the Company or its employees regarding information and data security.



Information Security Incident Responder Duties

Commander-in-Chief (CIO)		
Ensure timely co-ordination of personnel and resources in emergency response procedures at all times, and comprehensive scheduling of response procedures in emergencies.		
Deputy Commander-in-Chief (Security Manager)		
Work under the leadership of the Chief Commander. In the absence of the Chief Commander, assume their responsibilities and duties, or coordinate relevant activities according to the information security incident procedures.		
IT Staff	Asset Security Staff	Administrative Staff
Recovery of IT equipment hardware and related system failures.	Guiding the procedural handling of incidents in which information security incidents occur. Identify responsibility for information security incidents that occur.	For information security incidents that have occurred in accordance with the Company's regulations. Penalties will be imposed on relevant responsible persons.

Information Security Incentives and Penalties

We have formulated the Information Security Norms and Violation Penalty Regulations covering all employees, and clarified the information security norms, the operating principles of rewards and violation penalties and the information security responsibilities of each department in accordance with the principles of timely incentives, confidentiality of reporting, legal accountability, grading of violations, proactive leniency, punishment for over-defence, and timely handling.

Information Security Training

We carry out information security training covering the entire Group's employees through a combination of online and offline forms, circulating information security propaganda videos in each subsidiary, and organising on-site training from time to time to comprehensively improve information security awareness and capabilities.

In 2024

- Total information security training hours: **969** hours
- Number of data leakage emergency drills: **6** times
- Preventing phishing emails, anti-fraud training and information security awareness training for all staff through nailed online push, email release, etc.
- People covered online and offline: **25,515** person-times

Privacy

In accordance with the Personal Information Protection Law of the People's Republic of China and other applicable privacy laws and regulations, the Company establishes the Personal Information Management Standards to ensure that the purposes of the handling, use and utilization of personal information are consistent with the wishes of the subject of the personal information.

Regarding the personal information collected, processed and used by the Company, the owner of the personal information has the right to inquire, view, copy, supplement or correct the personal information, as well as the right to request the cessation of the collection, processing, use, deletion and destruction of the personal information and to refuse the Company's use of the personal information for marketing purposes. We have a "zero tolerance policy" for violations of privacy and personal information protection, and if an investigation determines that there has been a violation of this policy or applicable laws and regulations relating to privacy and personal information protection, we will immediately review the situation and take steps to improve it, as well as disciplinary action in accordance with the relevant disciplinary rules in the Employee Handbook. Disciplinary action will be taken in accordance with the relevant disciplinary rules in the Employee Handbook.



Upholding Business Ethics

LINGYI ITECH strictly adheres to significant laws and regulations such as the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China. The Company establishes a comprehensive anti-corruption framework and whistleblower mechanisms to foster a clean and upright business environment.

Anti-Corruption and Anti-Bribery

The Company upholds the principles of honesty and fairness in the business activities, complies with the business ethics regulations of the place of operation, carries out the business work of the Company in accordance with the Bribery and Bribery Management Regulations, and stipulates in the Employee Handbook that employees shall not take advantage of the convenience of their work or position to provide, request, accept or promise improper benefits to the relevant parties, as well as any embezzlement and bribery and other unlawful and disorderly conduct. In case of any violation of the regulations found, the Company has the right to unilaterally terminate the labor contract. For purchasing personnel and suppliers, we require all suppliers to sign the Supplier Integrity Agreement, formulate the Integrity Code Management Specification, and set up the integrity supervision committee to comprehensively supervise the purchasing behaviors in all aspects of the Company's business dealings.

For bribe-takers, once found, we will collect their illegal gains and impose a certain percentage of fines, and dismiss or transfer those with serious cases or bad attitudes to national judicial organs. In the event that a client, supplier, service provider, or contractor is discovered to have engaged in bribery, the Company will handle the matter strictly in accordance with the internal regulations. For cases involving potential criminal activity, the Company will refer the matter to the appropriate judicial authorities for further action.

We conduct internal audit audits of the Company's anti-corruption, anti-graft and other business ethics aspects, as well as of the anti-bribery and anti-corruption policies and business ethics standards that have been established. In 2024, the Company conducted anti-corruption, anti-graft and other business ethics audits up to 6 times.

LINGYI ITECH prohibits

- All gift-giving in violation of applicable laws and regulations.
- Accepting kickbacks, gifts of any kind, valuable gifts and other things.
- All acts of using the convenience of one's position to seek benefits for oneself or a specific relation through the same business or related transactions.
- All acts of meddling or interfering in market access, bidding and contract signing to obtain insider information.
- All acts of using the convenience of one's position to have the expenses that should be paid by oneself or one's relatives paid or reimbursed by the supplier or other relevant units.
- Anyone who uses his/her position to seek improper benefits for himself/herself or others.
- All acts of bribery to circumvent the Company's compliance management processes and procedures.

In terms of integrity culture construction and publicity, we make use of online and offline forms, such as nail push, email, and on-site, to promote integrity policies and knowledge to all employees of the Company in our daily operations, and designate 15 March as the "LINGYI iTECH Integrity Day" every year to enhance the awareness of anti-fraud, anti-corruption, and anti-bribery of the employees through various forms of activities of integrity culture construction on that day. On that day, various integrity culture building activities are carried out to enhance employees' awareness of anti-fraud, anti-corruption and anti-bribery.

Case

LINGYI iTECH's Anti-Corruption Integrity Month

At the launching ceremony of the "Anti-Corruption and Integrity Month" on 15 March, the Company allowed all employees to sign a commitment to honesty and integrity through the online platform, opened a self-declaration channel, studied cases of fraud, and organized a visit to a warning education base for management personnel and employees in key positions, with 288 participants, to deepen the staff's professional moral integrity.



In 2024

- The integrity and honesty course attracted a cumulative total of **48,000** views and clicks, with **5,100** hours of study time invested, **9,603** people completing the course and a pass rate of **96.75%**



Integrity and Anti-corruption Training

Anti-Unfair Competition

The Company strictly complies with the Anti-Unfair Competition Law of the People's Republic of China and expressly prohibits employees from obtaining competitive information by means of commercial espionage, bribery, theft or wiretapping, or maliciously disseminating false information about competitors or their products and services, and resolutely protects legitimate competition and eliminates unfair competition. In 2024, the Company did not have any legal proceedings brought against the Company or employees in connection with the violation of the laws and regulations on unfair competition.

Anti-Money Laundering

The Company strictly complies with the Anti-Money Laundering Law of the People's Republic of China, adhering to all accounting, bookkeeping, and financial reporting regulations related to cash transactions and payments in contracts. We uphold the principle of conducting business only with clients and business partners who engage in lawful commercial activities, have legitimate sources of funds, and maintain a good reputation. In 2024, neither the Company nor any employee faced any legal proceedings resulting from violations of anti-money laundering laws and regulations.

| Tax Management

The Company strictly complies with the Enterprise Income Tax Law of the People's Republic of China and the Implementation Regulations, the Provisional Regulations on Value-Added Tax of the People's Republic of China and the Detailed Rules for Implementation, and the Tax Collection and Administration Law of the People's Republic of China. We also adhere to all applicable tax laws and regulations in countries and regions where our business operates. To ensure compliance, we have established a Tax Management System that standardizes and guides the Company in fulfilling the tax registration, filing, and payment obligations.

| Conflict of Interest

In accordance with the Company's Articles of Association, the Company has strictly stipulated that the controlling shareholders and de facto controllers of the Company shall not make use of their affiliation to harm the interests of the Company. For transactions involving funds, goods, services or other assets between the Company and the shareholders or de facto controllers, we strictly require that the Board of Directors and the General Meeting of Shareholders perform the deliberation procedures in accordance with the decision-making system for related-party transactions, and that connected directors and connected shareholders recuse themselves from voting, so as to prevent from the source any transfer of interests and other behaviors that are detrimental to the Company's interests. We have established a Supervisory Committee, which comprises shareholder representatives and employee representatives, to supervise the conduct of directors and senior management in performing their duties in the Company, to review the periodic reports prepared by the Board of Directors, and to obtain an internal control audit report annually through an external audit.

| Complaints and Reporting

The Company has formulated the Management Standards for Appeals and Reporting, which allows and encourages employees and various stakeholders to complain and report to their supervisors or the HR department, the audit department and the supervision department about acts and facts that violate the Employee Handbook and laws and regulations, and that are detrimental to the interests of the Company and the employees, including, but not limited to, labor rights and interests, and business ethics.

● Whistleblower Complaint Channels

We have established special channels in different forms, including reporting mailboxes and telephones, and set up an integrity complaint channel on the Company's official website. The Company has established a special self-reporting channel to give the offending employees the opportunity to rectify their mistakes, as long as the employees declare on their own before the audit communication and return all the improper proceeds to the Company. After verification, the employees will not be punished, given administrative leniency or exempted from treatment. In case of suspected judicial investigation due to others' reports or due to others' cases, we give judicial understanding to the contributors and provide assistance as permitted by law.

Reporting Channels

- **Scope of Application:** Applicable to employees of Guangdong LINGYI ITECH and the controlled subsidiaries in China and expatriate employees.
- **Scope of Improper Gains:** Employees and their family members use their authority in LINGYI ITECH to obtain economic benefits through methods including but not limited to solicitation and acceptance of bribes, affiliation, fraud, forgery, embezzlement, misappropriation, misappropriation, false reimbursement, and use of Company resources and channels.
- **Principle of Confidentiality:** The Company keeps the information of self-declared employees strictly confidential by setting up a special mailbox.

Reporting Channels

- **Email:**
IA@lingyitech.com
- **Ding Talk Number:**
Company integrity reporting hotline
- **Integrity Hotline:**
17520165052
- **Website Channel:**
the Company's official website - about us - integrity and honesty complaint channel



Whistleblower Protection Management

We firmly reject any retaliation against whistleblowers and implement an anonymous reporting system to reduce the risk of exposing the identity of whistleblowers at source. The Company strictly enforces confidentiality measures for the personal information of the whistleblowers (including individuals, suppliers and other partners) as well as all the whistleblowing information provided by them; the whistleblowing work is reported directly to the Audit Committee of the Board of Directors. We promise that all relevant documents will be handled confidentially within the scope permitted by law, while assigning a person responsible for receiving visits and answering calls to complaints, strictly prohibit any unrelated personnel to receive, observe, enquire or record; when investigating and verifying the content of the report to the whistleblower, we choose to maintain strict confidentiality of the place, and give full consideration to the convenience of the whistleblower to determine the time, and to effectively protect the rights and interests of the whistleblower.

Whistleblower Protection System

- Anonymous complaints and reports are accepted.
- Regular visits, whereby employees are randomly visited on a monthly basis after the case has been dealt with to confirm whether or not they have been subjected to retaliation.
- Timely intervention and protection of whistleblowers when they are subjected to retaliation, and strict punishment for retaliation against whistleblowers.
- For major abnormal complaints (e.g. harassment, whistleblowing, etc.), in order to eliminate the complainant's worries and concerns and avoid retaliation, and under the premise of respecting the employee's wishes, the Company may assist in making appropriate post adjustments as appropriate.
- All complaint materials are not allowed to be copied, reproduced or excerpted by anyone.
- The information of the whistleblower must be kept strictly confidential and the scope of those who know it should be controlled. Grievance receiving personnel should receive relevant training and sign a confidentiality agreement before starting work.





02

Green Practices, Building Eco-harmony

LINGYI iTECH upholds the commitment to environmental friendliness, viewing climate change response as a critical mission for advancing ecological civilization and achieving high-quality development. At the strategic level, the Company actively promotes clean production, continuously increases the proportion of clean energy use, and enhances greenhouse gas management. LINGYI iTECH is dedicated to making significant contributions to low-carbon and sustainable development in society.

Responding to the SDGs



Our Actions

- The revenue from renewable energy-related and energy-efficiency-related products was RMB 3.028 billion, and R&D investment in renewable energy-related and energy-efficiency-related products was RMB 51.7195 million.
- Procurement of domestic green certificates reached 568,791MWh, equivalent to a reduction of 305,213.25 tons of CO₂ emissions
- The photovoltaic power generation in mainland China reached 41,253,112.92 kWh, equivalent to reducing 22,136.42 tons of carbon dioxide emissions.
- Participated in the CWP (Clean Water Program) to gain a comprehensive understanding of the Company's water use risks, and enhance the assessment of water stress and water balance.
- Continuously optimize process flows by integrating the "3R" principles (Reduce, Reuse, Recycle) into lean production and intelligent manufacturing processes.

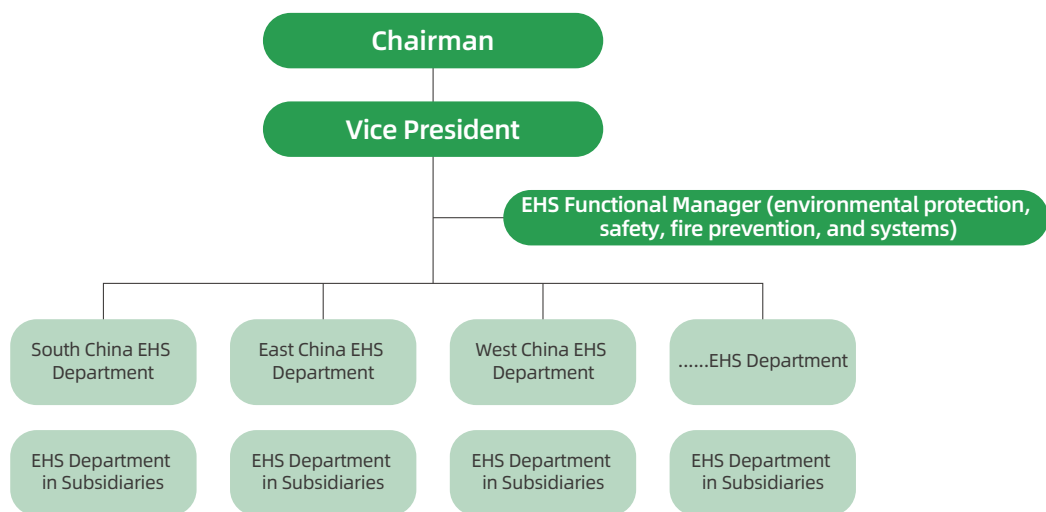
Enhancing Environmental Management

LINGYI iTECH strictly adheres to environmental protection laws and regulations and industry standards, including the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Air Pollution Prevention and Control Law of the People's Republic of China. Through an efficient environmental management system, the Company ensures that all operational activities comply with environmental laws and regulations, promoting the sustainable use of resources and energy.

Environmental Management System

Our Company has established an EHS department to centrally manage environmental protection, health, and occupational safety across the entire group. The EHS department is overseen by the Vice President, who reports directly to the Chairman (who also serves as the CEO). Each subsidiary within the group has also established its own independent EHS department. These departments are led directly by the highest-ranking official of each subsidiary, typically the General Manager responsible for operations.

The establishment of the EHS organizational structure follows the principle of group co-ordination and supervision, and each subsidiary is responsible for supervision and implementation, aiming to build up a management mechanism that involves the responsibility of production and operation units, participation of employees, government supervision, industry self-regulation and social supervision, and operates synergistically. In 2024, the Company invested a total of 57,066,400 RMB in environmental protection, and 34 production entities have obtained the certification of the ISO14001 environmental management system.

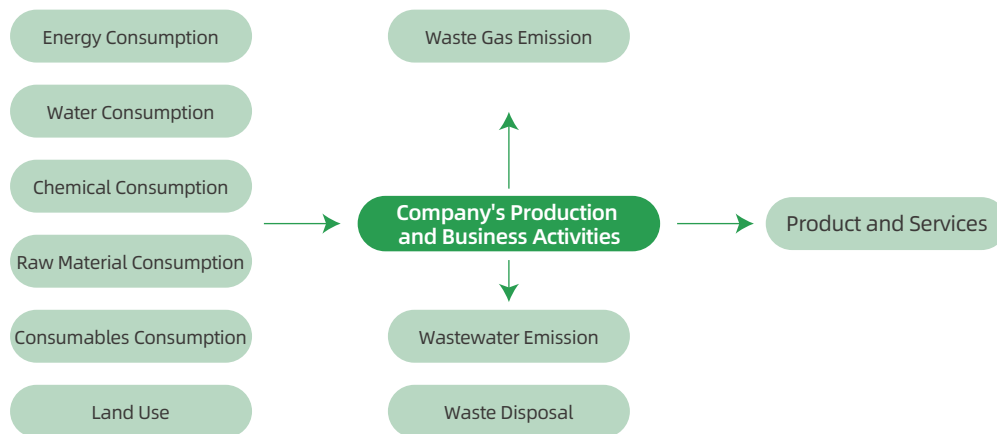


LINGYI iTECH EHS Department Organizational Structure

Environment Risk Control

We establish the Management Procedures for Identification, Evaluation and Control of Environmental Factors to carry out identification and evaluation of environmental factors once a year, and at the same time carry out simultaneous identification and evaluation of environmental factors before the commencement and commissioning of engineering and construction projects. Each department is responsible for identifying and checking the environmental factors in its own department, and filling in the environmental factor identification and evaluation checklist after completion. The EHS department is responsible for summarizing and reviewing the environmental factors submitted by each department.

The Company carries out comprehensive evaluation and cumulative scoring based on four dimensions: frequency of occurrence, time span of impact, scope of impact, and degree of impact. For the identified environmental impact factors, each department organizes training for its employees to enable them to gain a deeper understanding of the relevant content and clarify their responsibilities and requirements in environmental management. Each department also uses daily EHS inspections to ensure that the environmental impact factors comply with the established standards and requirements; for important environmental factors that have been identified, we set specific environmental objectives, targets and environmental management plans, and regularly track their management status to prevent environmental violations.



Environmental Factor Identification Flowchart

Environmental Monitoring

In accordance with the Regulations on the Administration of Emission Permits, General Principles of Technical Guidelines for Self-monitoring of Emission Units and other relevant laws and regulations of the locations in which we operate, we carry out environmental monitoring on a regular basis in the light of our own actual situation, monitor pollutant discharges, and disclose the results of our environmental monitoring in a timely manner, so as to be subject to the review of the supervisory authorities as well as to public scrutiny. We have set up dedicated testing laboratories for environmental projects in South China, East China and West China to meet our daily monitoring requirements. We engage a third party Company with professional qualifications to maintain our online environmental testing devices to ensure timely and effective data acquisition, and the third party testing Company also regularly participates in our environmental monitoring and testing programs.

Environmental Emergency Response

We carry out professional training as well as emergency drill programs based on the actual environmental risks we face to ensure that in the event of an environmental emergency, all emergency response work can be activated and operated quickly, and to improve our emergency response capability in the event of a crisis.

Green Protection Advocacy

We have formulated strict induction standards, requiring that employees in relevant positions in the Company must be trained and qualified before they are allowed to work. At the same time, we actively advocate the participation of employees in water and electricity saving, and all subsidiaries organize various environmental protection and public welfare activities for their employees, aiming at transferring the concept of green development to each employee.

Lingyu Technology (Suzhou) Co., Ltd. and LS City Technology (Jiangsu) Co., Ltd., have been certified as Green Factories in Jiangsu Province.



Green Advocacy

- Implemented the use of LED energy-saving lamps in the office, retrofitted the light switches, and assigned clear responsibilities to each department
- Arranging daily skill inspections and posting energy-saving slogans in the office to remind everyone to save electricity at all times
- For electricity management, the office department responsibility system is implemented, and security personnel are responsible for night inspections, and notification is given to the factory for electrical equipment that is not switched off. In 2024, the Chengdu plant set up an energy-saving team, which organized weekly inspections in all areas of the plant, and prevented and improved wastage of 676 items in a timely manner
- Every night, office areas are carefully inspected, covering lamps, air conditioners and other types of electrical equipment, as well as water facilities. In 2024, when security personnel across the Group carried out energy-saving inspections in office areas, workshops and other areas, a total of 53,200 wasteful phenomena such as leakage were detected, and relevant departments were notified to rectify the situation in a timely manner.
- Reasonably set the air-conditioning temperature at no less than 26°C in summer and no more than 20°C in winter



Electricity and Water Conservation Slogans



Environmental Training



Environmental Public Welfare Activities



Responding to Climate Change

Climate change has become an important challenge to human society. The latest report of the United Nations Intergovernmental Panel on Climate Change (IPCC) points out that the impacts of climate change on human beings and ecosystems have far exceeded expectations, and it is urgent for all countries to take action to combat climate change. LINGYI iTECH is actively responding to the goals of the national dual-carbon strategy, continuously focusing on the risks and opportunities brought about by climate change, and fulfilling our responsibilities and commitments at a determined pace.

Governance

In accordance with the Management Procedures for Greenhouse Gas Inventory, our General Manager of Operations is responsible for establishing and improving the Company's energy conservation, emission reduction and GHG management system, and is in charge of the overall promotion and implementation of GHG inventory and energy conservation and emission reduction to ensure that carbon emission reduction targets are reached.

GHG Management Responsibilities

General Manager Operations	EHS, Administration and Facilities Department	Heads of Relevant Departments
- Responsible for the organization and implementation of GHG inventory and carbon emission reduction target achievement. - Responsible for the overall promotion and implementation of GHG inventory and energy saving and emission reduction. - According to the risks and data identified and investigated, responsible for the arrangement and use of special funds for energy-saving technology renewal, technological transformation and other projects, investment plans and related programs of the Company.	- Identify the needs and risk points related to carbon emission reduction, provide GHG inventory data, and follow up the progress of carbon emission reduction. - Responsible for GHG inventory work and analysis of inventory data, carbon emission reduction risk point identification and assessment. Identify and evaluate the risk points of carbon emission reduction. - Supervise and check the inventory and emission reduction work of each basic unit of the Company.	- Responsible for preparing and providing GHG inventory information related to the work of the department. - Propose feasible energy saving and emission reduction projects after identifying and assessing carbon emission reduction risk points. - Supervise and check the energy saving and emission reduction work, and co-operate with the checking of the Company's energy metering work.

Strategy

The Company has made reference to disclosure recommendations of the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 - Preparation of Sustainable Development Reports, the IFRS S2 Climate-related Disclosures and Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risks and opportunities with potential impacts, taking into account the external environment, industry and our business characteristics. The Company has identified the climate risks and opportunities that have potential impact on the Company in light of the external environment, the industry and its own business characteristics, and has initially formulated corresponding response initiatives.

Physical Risk and Scenario Analysis

In order to assess and measure the impact of extreme weather events caused by climate change on businesses, we conduct regional climate scenario analysis on identified physical risks, and carry out financial impact assessments on physical risks with high-risk exposure.

Climate Scenarios and Key Assumptions

We have chosen the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), which includes the low-emission scenario SSP1-2.6 and the high-emission scenario SSP5-8.5. We have set two timeframes, the mid-term (2030) and long-term (2050), to qualitatively assess the expected financial losses resulting from changes in physical risks compared to the base year (2024) under different scenarios.¹

¹The assessment of the potential financial impacts of climate-related risks on LINGYI iTECH constitutes a forward-looking statement. In view of the limitations of the analytical methods and numerous uncertain factors in the external environment, the actual future development may differ from the forecasts in this report.

Physical risk		
Scenarios	Shared Socioeconomic Pathway SSP1-2.6	Shared Socioeconomic Pathway SSP5-8.5
Description	Assuming that countries will reduce greenhouse gas emissions in accordance with the Paris Agreement to control global warming this century to no more than 2.0°C above pre-industrial levels (1850), achieving sustainable development.	Assuming that countries do not implement measures to reduce greenhouse gas emissions, carbon emissions in 2100 will be three times that of 2015, leading to a global temperature rise of 4.4°C above pre-industrial levels by the end of this century. Countries will need to implement climate adaptation and mitigation measures.
Temperature Increase	No more than 2.0°C	Approaching or exceeding 4.4°C
Key assumption	Assuming factors such as business operations, asset size, and asset location remain constant, only the physical risks faced by assets are analyzed. When assessing the potential impact of physical risks on the Company's finances, only financial expected losses are used as a measure.	

Physical Risk	Risk Variation Relative to the Baseline Year			
	SSP1-2.6		SSP5-8.5	
	2030	2050	2030	2050
Heatwave				
Flood				
Earthquake				
Typhoon				
Mosquito Breeding				
Sea Level Rise				

Risk Level: ● Low Risk ● Medium Risk ● High Risk

Based on the scenario analysis results, we have assessed that heatwave, flood, typhoon and sea level rise have significant potential financial impacts. We have preliminarily formulated corresponding response measures, as shown in the table below.

Risk Type	Specific Risk	Risk Classification	Timeframe	Business Sectors Involved	Impact Intensity	Potential Financial Impact	Measures
Physical Risk	Typhoon	Acute Operational Risk	Medium to short term	Company-wide	High	The Company manufacturing plants located in the South China region are situated in an area prone to typhoons. An increase in typhoon frequency could lead to business closures and/or employees being unable to work due to property or equipment damage, directly resulting in revenue losses.	- Reinforce factory buildings, doors, windows, and roofs to enhance wind resistance; equip important equipment with protective devices or relocate them to safer areas, such as setting up protective shelters or dedicated storage rooms. Regularly inspect factory buildings and equipment to promptly identify and repair potential safety hazards. - Plan response procedures for typhoons; establish backup sites or equipment for critical production processes. - Consider flexible working arrangements like remote work to ensure employees can continue some tasks if they cannot come to the office. - Communicate proactively with customers about potential impacts of typhoons and negotiate adjustments to delivery schedules to minimize customer loss.
	Sea Level Rise	Chronic Operational Risk	Long term	Company-wide	High	The majority of the manufacturing plants are located in low-lying coastal cities, making them susceptible to direct flooding risks as sea levels rise. Flooding at production bases could result in immediate shutdowns or reduced output from production departments, leading directly to revenue losses.	- Equip key areas such as warehouses and production workshops with waterproof barriers, sandbags, etc., raise important equipment and raw materials or set up dedicated waterproof storage areas. Regularly check drainage systems and flood prevention facilities, clear drainage pipes in time to ensure smooth drainage, and promptly repair damaged facilities. - Develop comprehensive flood emergency plans, clearly defining departmental responsibilities and response procedures; establish connections with meteorological and water conservancy departments to obtain accurate weather and flood warnings in a timely manner, prepare in advance. Install water level monitoring equipment within production bases to monitor water levels in real-time. - During floods, swiftly organize rescue efforts to save trapped personnel and important materials, allocate emergency supplies in a timely manner to meet basic living needs and support subsequent production recovery. - Communicate promptly with customers about flood situations and estimated production recovery times, negotiate adjustments to order deliveries, quantities, etc., to gain customer understanding and support, minimizing customer loss.
	Heatwave	Acute Operational Risk	Medium to short term	Company-wide	High	During heatwaves, employees may be unable to work due to severe heat-related health issues such as heat exhaustion or heatstroke. Production machinery may also face overheating problems that could halt operations, thereby increasing operational costs.	- Adjust working hours to avoid outdoor or high-temperature environment operations during peak temperature periods such as midday. Implement flexible work systems or reduce working hours. - Regularly maintain and service production machines, check if cooling systems are functioning properly, clean dust and debris in time. Upgrade old equipment to improve heat dissipation performance; equip key production machines with dedicated cooling devices. Adjust production plans reasonably based on machine heat resistance and actual operating conditions to avoid prolonged continuous high-temperature operation. - Optimize the use of cooling equipment by adopting intelligent control systems to regulate temperature and operating times reasonably, reducing energy consumption.

Physical Risk	Flood	Acute Operational Risk	Medium to short term	Company-wide	High	An increase in flood frequency during rainy seasons could similarly lead to business interruptions and employee absenteeism due to property or equipment damage. This would also directly contribute to revenue losses. - Conduct thorough inspections of drainage systems, building structures, and equipment operation status, promptly clean drainage pipes, repair building leaks, and maintain equipment. - Stockpile sufficient sandbags, water pumps, waterproof covers, and other emergency supplies to ensure rapid implementation of protective measures during floods. - Closely monitor weather forecasts, issue timely flood warnings to employees, provide travel safety guidance, and help employees plan routes in advance. - Clearly define flood emergency procedures, including evacuation, equipment shutdowns, material transfers, etc., ensuring that all departments and positions have clear responsibilities.
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Transition Risk and Scenario Analysis

In order to assess and measure the transition risks triggered by climate change, such as the impact of policy, technology, market, and reputational changes on businesses, we conduct a comprehensive climate scenario analysis across the entire group for identified transition risks. Subsequently, we carry out financial impact assessments for high-risk transition risks with significant exposure.

Climate scenarios and key assumptions

We conducted a scenario analysis based on the orderly scenario and hot house world scenario proposed by the Central Banks and Supervisors Network for Greening the Financial System (NGFS). We set two time frames, the medium-term (2030) and long-term (2050), to qualitatively assess the expected financial loss changes resulting from transition risks compared to the base year (2024)².

Transition Risk		
Scenarios	Orderly Scenario	Hot House World Scenario
Description	By strictly enforcing climate policies and fostering innovation, global warming is kept within 1.5 °C, achieving net-zero carbon emissions around 2050.	Implementation of only current policies, or even the targets of the Nationally Determined Contributions (NDCs) without effective policy support, will lead to high physical risks.
Temperature Rise	No more than 1.5°C	Above 3°C
Key Assumption	Assuming factors such as business operations, asset size, and location remain unchanged, the analysis will focus solely on the transition risks faced by the assets in each scenario.	

²The assessment of the potential financial impacts of climate-related risks on LINGYI iTECH constitutes a forward-looking statement. In view of the limitations of the analytical methods and numerous uncertain factors in the external environment, the actual future development may differ from the forecasts in this report.

Transition Risk	Risk Variation Relative to the Baseline Year			
	Net Zero 2050 Scenario		Hot House World Scenario	
	2030	2050	2030	2050
Energy Stress				
Water Stress				
New Policies for Low-Carbon Economic Transition				
Energy Transition Policies				
Carbon Market Price Fluctuations				
Regulatory Mandatory Disclosure				
Enhanced Environmental Standards				

Risk Level: ● Low Risk ● Medium Risk ● High Risk

Based on the scenario analysis results, we have assessed energy stress, new policies for low-carbon economic transition, energy transition policies, carbon market price fluctuations, enhanced environmental standards have significant potential financial impacts. We have preliminarily formulated corresponding response measures, as shown in the table below.

Risk Type	Specific Risk	Risk Classification	Timeframe	Business Sectors Involved	Impact Intensity	Potential Financial Impact	Measures
Transition Risk	Energy Stress	Policy and Legal Risks	Short term	Company-wide	High	Due to local government power rationing policies, production departments may face direct shutdowns or reduced output. Power rationing also impacts upstream supply chains, increasing production costs and directly leading to revenue losses.	- Closely monitor the release and updates of government power rationing policies. Flexibly adjust production plans based on the timing and intensity of power rationing. Reasonably schedule production tasks, prioritizing high-value-added and urgent orders. Schedule non-urgent production tasks during periods without power rationing to minimize the impact of shutdowns or reduced output on production schedules. - Invest resources in energy-saving upgrades for production equipment by adopting advanced energy-saving technologies and devices to improve energy efficiency and reduce energy consumption per unit product. Equip appropriate capacity backup power sources based on the Company's production scale and electricity demand. - Establish partnerships with more suppliers to increase supplier diversity and reduce reliance on a single supplier. When power rationing affects some suppliers, quickly source raw materials and components from other suppliers to ensure supply chain stability. Based on historical production data and market demand forecasts, reasonably increase inventory levels of raw materials, semi-finished products, and finished goods to create an inventory buffer. Establish closer communication and coordination mechanisms with upstream and downstream enterprises, sharing power rationing information and production plan adjustments. Collaboratively develop response strategies. - Conduct a comprehensive analysis of production costs to identify areas for optimization and reduce unnecessary expenditures to offset increased costs due to power rationing.

Transition Risk	New Policies for Low-Carbon Economic Transition	Market and Technology Risks	Medium to short term	Company-wide	High	China has committed to the 3060 carbon goals. New policies supporting low-carbon transitions are being introduced by the government. High-emission economic activities will come under pressure, increasing the costs associated with research and development for green production.	- Set emission reduction targets, make low-carbon commitments, and establish related internal policies. - Increase the greening rate of subsidiaries. - Expand the use of low-carbon energy to replace fossil fuels, such as using electric vehicles instead of fuel vehicles. - Develop low-carbon, low-emission processes.
	Energy Transition Policies	Market and Technology Risks	Long to medium term	Company-wide	High	With the introduction of stricter emission reduction policies, companies need to replace existing high-emission energy sources with lower-emission green energy. This increases the cost of transitioning to lower-emission technologies.	Establish a certain scale of green energy reserves to address potential energy supply shortages or significant price fluctuations. Research and develop autonomous renewable energy systems (such as photovoltaic systems and energy storage systems) to reduce dependence on externally purchased electricity. Actively purchase external green energy.
	Carbon Market Price Fluctuations	Market and Reputation Risks	Long to medium term	Company-wide	High	Stricter carbon emission policies from the government mean that Company cash flows could be affected by fluctuations in carbon market prices.	Form relevant teams or appoint external experts to regularly report on carbon markets and national carbon trading policies, assessing the latest policy impacts on the Company's finances.
	Enhanced Environmental Standards	Market and Reputation Risks	Long term	Company-wide	High	Due to more stringent environmental protection policies, companies must improve their production processes to meet legal requirements for energy efficiency and low emissions. This may require new investments in research and development to upgrade production equipment or implement additional energy-saving and environmental protection measures.	Form relevant teams or appoint external experts to regularly report on the latest local government environmental protection policies, avoiding increased operational costs due to environmental laws and regulations.

Opportunities Related to Climate Change

Leveraging our own strengths, we are actively implementing a series of measures to address climate change. At the same time, we are keenly seizing new opportunities that climate change may bring, promoting the development of green and low-carbon industries.

Opportunities	Plans and Measures
Fossil Fuel Reserves and Consumption Reduction	Given the increasing awareness of sustainable development and green energy, we are comprehensively implementing clean production practices. We utilize idle rooftops to install solar panels and actively procure clean electricity, thereby reducing our dependence on externally purchased energy and traditional fossil fuels. We have established a robust management process to minimize the negative environmental impact of our operations and are vigorously promoting the application of green manufacturing technologies. This continuous effort supports the development of green and low-carbon industries.
National 3060 Carbon Strategic Goals	The national 3060 carbon goals, proposed by China in 2020, has been elevated to a strategic level. Numerous policies have been introduced to encourage enterprises to reduce emissions. We believe that through clean production strategies, waste management, and efforts to reduce the carbon footprint of our products, we can build a positive environmental brand image. This will attract more business opportunities, such as tax reductions for environmental protection to lower operational costs, and increase external investor confidence, thereby securing more financing opportunities.
Cost Reduction through Green Production Technology	Due to the increase in compliance costs such as emission fees resulting from stricter climate-related policies, we believe that enhancing R&D capabilities can promote clean production, thereby reducing compliance costs and increasing profits. In 2019, we successfully improved our mold technology, significantly reducing the generation of plastic waste and lowering the cost of handling plastic waste.
Increasing Demand for Clean Energy	With the reduction of fossil fuels and the rise in environmental awareness, clean energy sources such as solar, geothermal, and wind power are developing rapidly and will become primary energy sources in the future. Among these, solar energy is widely regarded as one of the most promising clean energy sources due to its low cost and convenience. Soft ferrite materials and amorphous magnetic materials, known for their superior physical properties, are the main raw materials for various magnetic components in solar inverters. We believe that with the development of the global photovoltaic industry, our magnetic materials are well-positioned to meet the substantial market demand.
Booming New Energy Vehicle Market	Encouraged by government policies in various countries, the new energy vehicle (NEV) market is entering a period of rapid growth. In the future, performance optimization and reduced production costs of NEVs, along with increased environmental awareness and acceptance of NEVs, will continue to drive market expansion. The annual supply and sales volume of global NEVs are continuously growing, which will successively boost the demand for functional and structural components. We aim to seize new project business opportunities and align with the developmental needs of the NEV market.

Risk Management

In order to identify potential risks related to our carbon emissions in a timely manner and to ensure the successful achievement of carbon emission reduction targets, we have formulated the Management Procedures for GHG Inventory, which sets out the principles of risk identification, evaluation and management, and the risk identification covers the activities, products and services of all divisions and departments of the Company.

Each department comprehensively identifies carbon emission risk factors that can be controlled and influenced based on energy use in departmental activities, products, and services, and summarizes the identified risks in the Carbon Emission Risk Source Identification and Evaluation Form. The identification and evaluation of carbon emission factors is conducted once a year. For the identified risks, we will evaluate them in four aspects, namely, frequency of occurrence, duration of impact, scope of impact, and severity of impact, and risk factors that reach a certain threshold are considered as important risk source factors and are subject to key control, and at the same time, based on the results of the risk evaluation, we will adopt different risk management strategies to optimize the energy structure, reduce carbon emissions, and mitigate the risks of concern.

Process	Specific Contents
Risk Identification	- Conduct a comprehensive compendium of the geographic location of the project assets as a basis for risk identification - Refer to relevant risks recommended by the TCFD and IFRS S2 Climate-related Disclosures - Review industry trends and information published by peers - Conduct interviews and communication with internal business and management personnel within the Company - Compile a risk inventory

Risk Assessment	- Conduct interviews and research with relevant departments based on scenario analysis to evaluate risk exposure. Additionally, external expert advice is sought to identify and finalize the main risk list. - The Company's senior executives and relevant departments rank climate change risks based on two dimensions: the likelihood of occurrence and the impact on business objectives after they occur.
Risk Management	- Based on the results of risk assessment, identify the department or individual responsible for risk management, and develop risk management strategies and response plans in accordance with the internal and external environment. - Each department under centralized management shall prepare corresponding risk management plans based on the results of risk assessment.

Indicators and Objectives

The Company's GHG emissions are mainly from direct emissions from natural gas, diesel and petrol consumed in production, freight transport and offices (Scope 1) and indirect emissions from the use of purchased electricity (Scope 2).

GHG Emissions Indicators	2024	Unit
Scope 1 GHG Emissions	13,978.77	tCO ₂ e
Scope 2 GHG Emissions	557,916.08	tCO ₂ e
Total GHG Emissions	571,894.85 (excluding Scope 3 and without Green Certificate Offset)	tCO ₂ e
GHG Emissions Intensity	0.159	tCO ₂ e per 10,000 yuan output value

Exploring Opportunities in Clean Tech

LINGYI I TECH, as an industry-leading precision manufacturing solutions provider, actively explores the opportunities of the world's third energy restructuring, continues to innovate and develop in the field of clean technology, and is committed to promoting industrial upgrading through advanced technology and green production concepts.

Our key strategies focus on improving resource efficiency, reducing environmental impact and promoting sustainable development. Firstly, we have increased our investment in R&D to fully explore new energy business opportunities, and we continue to invest in carbon-neutral products to develop more efficient and energy-saving production processes to reduce energy consumption and waste generation. Secondly, we are actively promoting the application of environmentally friendly materials and chemical management to ensure that every aspect of our products, from design to production, meets or exceeds international environmental standards. In addition, we also focus on co-operating with leading global technology partners to explore new boundaries in clean technology, with the aim of providing customers with high-quality products and services that combine economic efficiency with environmental value. Through these efforts, LINGYI I TECH not only helps our customers achieve their business goals, but also contributes to the protection of our planet.

In 2024, the Company's revenue from renewable energy-related and energy efficiency-related products is RMB 3,028 million and R&D investment in renewable energy-related and energy efficiency-related products is RMB 51.7195 million.

Clean Services

New Energy Battery	We have strengthened the R&D and investment in the new energy battery structural parts business, reduced the waste of raw materials in the process of mold R&D through process improvement, lowered the cost, enhanced the competitiveness of the Company, and committed ourselves to becoming the leading Company in the industry of new energy battery structural parts.
Photovoltaic Inverter	As one of the important system balances of a PV array system, we have also increased our R&D and investment in the field of PV inverters.
Energy Storage Batteries	To meet the demand for outdoor electricity, we have invested in R&D of portable energy storage devices to store surplus energy during peak power generation.

The Company has R&D a number of clean technology achievements and applied for relevant patents, with these hard-core science and technology to provide strong support for clean production and promote the green development of the industry.

Product Type	Description	Efficiency
Molds with Automatic In-mold Lubrication	Achieve continuous die cutting with automatic lubrication in the mold, preventing material sticking, avoiding residual glue and material caused by uneven lubrication, thus ensuring the wear resistance and life of the mold, and lowering the temperature to enhance the strength of the mold, improving production efficiency and ensuring the yield of the products.	Extended product life
Battery Charger	Through the setting of the first limit portion on the transformer skeleton, the occurrence of the field effect tube tilt problem is effectively reduced, the probability of the occurrence of the short circuit of the components and the temperature rise of the output capacitor is reduced, and the service life of the charger is improved.	
Surface protection film for laser cutting of tiled lenses	The protective film is laminated seamlessly to the surface of the tile-like structure of the lens, preventing smoke penetration during laser cutting and eliminating the need for cleaning after cutting, saving costs and reducing environmental pollution.	Reduction of energy consumption
Press-fit welding protection	It improves positional accuracy and weld quality, and the pressure shield covers the upper surface of the pole to avoid or reduce contamination of the weld or weld slag.	
3D Multilayer Die Cutting Structure and Die Cutting Equipment 3D	In the invalid area of die-cutting products arranged in a set of knife blade synchronous processing of multiple rows of products, efficiency improvement at the same time save die-cutting processing of the main material, can be in the die-cutting 3D multi-layer process to improve the efficiency of die-cutting by 60%, save die-cutting processing of the main material up to 50%.	Conservation of resource use
Degreasing Equipment and Production Line	The oil suction nozzle automatically suctions oil from the fixture plate and workpiece; the suctioned oil can be collected, reducing material waste and saving costs.	

We consider environmental factors in the R&D process of our products, and clearly stipulate that in the R&D and design process of new products, environmental factors must be considered, and all products must comply with RoHS or other environmental protection requirements, and in the selection of materials, we try our best to use environmentally friendly and recyclable materials, and we are committed to reducing carbon emissions and resource consumption in the lifecycle of our own products, and to creating green products. When we set up projects for product development, we need to confirm whether the product production process includes high energy consumption processes, and try to choose cold forging, stamping, and one-off molding technologies, and strictly control the high energy consumption process products to account for less than 5% of the total number of products.

Green Product

Recyclable Material Utilisation	- We use recycled aluminum in the production of some of our products, which can achieve the goals of environmental protection, resource conservation and cost reduction at the same time. - We use recycled PC material in our chargers and AR/VR projects, which reduces carbon emissions by about 30% compared to ordinary plastics.
High Efficiency Charger	- We designed our dual port charger to charge two appliances at the same time, saving the use of an extra charger. - The high conversion efficiency charger we developed exceeds the DOE standard and can reduce 10% ~ 15% of power waste. - We have also developed Gallium Nitride chargers, which reduce the size by more than 30% compared to ordinary chargers, saving the use of raw materials and reducing the use of packaging materials.

Optimizing Resource Efficiency

LINGYI I TECH attaches great importance to the rational use of resources, through the implementation of various energy saving and emission reduction work, and constantly optimize the production management mode, and is committed to improving the efficiency of resource use from the whole process of production and operation.

Energy Management

The Company has formulated the Energy Resources Management Procedures to promote effective measures to conserve energy and resources, and endeavors to increase the proportion of clean energy used, so as to enhance the overall efficiency of the use of energy and resources. The energy consumption involved in our daily operations includes petrol, diesel, natural gas, liquefied petroleum gas and purchased electricity.

Clean Energy Management Plan

Follow-up Message	We pay attention to, collect and collate the latest information and dynamics of energy management in a variety of ways, and are committed to leading the energy management level of the industry.
Performance Evaluation	We look for an energy management partner, sign a strategic cooperation agreement on energy management, and have it comprehensively assess the energy management of subsidiaries and form an assessment report.
Planning Development	We develop the Company's long-term energy management action plan based on the energy management partner assessment report; mainly for projects such as distributed solar power plants, energy storage power plants, and refrigerated central air-conditioning units.
Implementation and Tracking	Including administration, equipment, plant services, operations, management, finance and other departments to participate in and implement the establishment of the implementation process and effectiveness of the monitoring mechanism, we establish demonstration factories and demonstration projects, from point to point to promote clean energy.

The Company has set up a Carbon Neutral Project Team led by the chairman of the board of directors level, with ITRI co-ordinating and leading the team to standardize and guide the energy-saving work of the Company and its plants. The person in charge of the operation of each subsidiary, quality, plant equipment and other departments participate in the implementation. Each subsidiary carries out target decomposition according to the Company's annual energy-saving target, formulates energy-saving targets and energy-saving improvement plans for subsidiaries according to their own production and operation, and continuously tracks the achievement of the targets. Mainly through the regular implementation of energy-saving renovation for the five major energy-using modules of production electricity, gas supply system, central air-conditioning, workshop fans, and living and office, the two-pronged approach of management and technical optimization effectively reduces the energy consumption and GHG emissions of the Company and its plants. In 2024, a total of eight subsidiaries completed 100% of the energy efficiency projects, another nine subsidiaries completed $\geq 80\%$, and two subsidiaries completed $\geq 73\%$. In terms of system dimension, the lighting, air-conditioning and steam systems among the 5 major systems (lighting, air-conditioning, steam, motor and air pressure) of the 19 subsidiaries have completed 100% of the energy saving and carbon reduction retrofit targets.

As of the end of 2024

the energy efficiency projects have saved **16,880,000+** kWh of electricity and reduced carbon emissions by **7,000+** tons (including the carbon reduction corresponding to the amount of heat saved).

We actively look for alternatives to traditional fossil energy sources, continue to increase investment in clean energy, purchase green certificates and carry out photovoltaic power generation, and since 2012, one after another, factories have set up photovoltaic power generation facilities using unused roofs of plants or other buildings.

■ In 2024

- Total energy consumption: **3,968,202.21** GJ
- Total direct energy consumption: **124,876.47** GJ
- Total indirect energy consumption: **3,694,814.54** GJ
- Energy consumption intensity: **1.10** GJ per **10,000** yuan output value
- Procurement of green certificates: **568,791** MWh (equivalent to a reduction of **305,213.25** tons of carbon dioxide emissions)
- Use of photovoltaic power generation: **41,253,112.92** kWh (equivalent to a reduction of **22,136.42** tons of carbon dioxide emissions)
- Zhengzhou Lingsheng's electricity consumption target of **≤10,000** kWh for one million output value in 2024 has been achieved

The Company is committed to a sound energy management system. In 2024, 5 production entities of LINGYI iTECH successfully passed the ISO50001 energy management certification system.

| Water Management

The Company is committed to reducing its dependence on and negative impact on water resources for its operations. Our primary water resources are sourced from municipal water supply systems and are primarily used for domestic purposes and for production water for cooling towers, boilers, steam and other auxiliary facilities in the manufacture of our products.

■ Water Resource Management Measures

- **Recycling:** Promote wastewater recycling, water reuse, concentrated water reuse projects to reduce water consumption.
- **System Construction:** Build energy-saving and environmental protection system, ensure normal operation of environmental protection facilities, drainage compliance, and carry out clean energy production to reduce the waste of water resources.
- **Emission Control:** Eliminate leakage, EHS and other departments conduct regular inspections and make timely corrections; internal wastewater treatment station treats wastewater to meet the standards and then discharges it.
- **Water Quality Assurance:** Some subsidiaries use purified water systems to ensure the safety of production water quality, and strengthen the testing of domestic water and drinking water quality.
- **Emergency Management:** Formulate Rainwater Management Procedures for river flooding risks and strengthen inspections during the rainy season; subsidiaries implement rainwater and sewage diversion to reduce the treatment capacity of wastewater treatment stations and ensure that wastewater is discharged in compliance with the standards.
- **Supervision and Inspection:** Cooperate with regulatory inspections, strictly implement wastewater discharge standards, maintain information disclosure, update environmental protection regulations, and strengthen daily inspections and environmental protection treatment system upgrades.

During the year, a total of 6 plants participated in the CWP (Clean Water Program), which provides a comprehensive understanding of the water risks faced by the Company, strengthens the assessment of water stress and water balance, provides a better understanding of the effectiveness of the current water resource management, and pinpoints the direction and key points that can be optimized. Our subsidiary, Salcomp (Guigang) Co., Ltd., participates in the CDP water questionnaire, and in 2024, the water safety questionnaire score of Salcomp (Guigang) Co., Ltd. was rated as "B", an improvement from the previous year (2023 water safety score was "B-").

■ In 2024

- Total water consumption: **6,724,902.31** tons
- Intensity of water consumption: **1.87** tons per million yuan output value
- The water consumption of our subsidiary, Zhengzhou Led Technology Co., Ltd. in 2024 **≤ 20** tons per million yuan output value, target achieved

Packaging and Raw Material Management

The main types of packaging materials consumed by the Company are paper and plastic. In line with the principle of environmental protection and conservation, and to implement the concept of reducing resource consumption and pollutant emissions from the source, we start from the design of the product packaging, optimize the use of packaging materials, and reduce excessive and ineffective packaging as far as possible.

In 2024,

- Packaging materials (paper): 7,394 tons
- Packaging materials (plastic): 33,847 tons (paper and plastics are the most consumed packaging materials)

Circular Economy Management

The Company practices the "3R" concept, explores the path of sustainable development, uses clean energy to practice the concept of green and low-carbon, and continues to optimize the process, integrating the "3R" principle into every aspect of lean production and intelligent manufacturing.



Reduce

The Company have developed technologies such as the nesting process and meandering material saving process to achieve efficient use of energy and resources by optimising material utilisation and saving clean liquids, oils and coolants. We use advanced technology and equipment to improve the anode process, and we expect to save 75 per cent of sulphuric acid, 82 per cent of phosphoric acid and 75 per cent of water after the completion of the Anode 5.0 project.

Reuse

Through the transformation and upgrading of tools, molds, fixtures and pallets, the Company has achieved the reuse of many types of tools and equipment, reducing the waste of resources and the need for new materials. Changes in the design of die-cutting products and the life of the mold are closely related to the knife edge. The traditional way of processing the mold needs to be fully processed on the base and surface knife edge, while nowadays the use of 3D printing technology can recycle all the base of the mold, polish off the surface knife edge, and then 3D print the new surface knife edge, and then achieve the required size and appearance through finishing, which significantly enhances the material utilisation rate of molds and significantly reduces processing time, and is more environmentally friendly. Utilisation rate of the mold is significantly improved, the processing time is significantly reduced, and it is more green and environmentally friendly.

Recycle

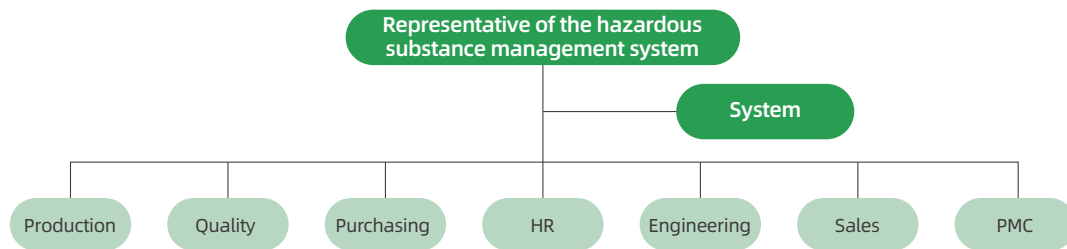
The Company is actively practising the principle of recycling through PET/process material recycling, water recycling, oil recycling and chemical substance recycling to segregate and transform waste and reduce the burden on the environment. We have developed a recycling cleaning system that uses pipes to collect wastewater and centrally transport it to a centralised treatment system, where it is filtered and refilled back into the triple vertical washers, saving 70% water, 60% cleaning fluid and 30% floor space.

Chemical Management

The Company refers to the Regulations on the Safe Management of Hazardous Chemicals, Restriction of Hazardous Substances Directive (RoHS), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulations and other conventions, laws and regulations of the place of operation, has established the Chemical Management Procedures, the Green Product Management Procedures, and the Green Product Hazardous Substances Control Standards to ensure that chemical management complies with all relevant laws and regulations. These measures aim to minimize or eliminate the adverse impacts of chemicals on product quality, employee safety, and the environment. In 2024, 23 production entities of the Company have all passed the QC080000 management system certification.

Chemical Management Procedure

The Company has established a hazardous substance management system and a green product organizational structure to abolish and reduce hazardous substances in a systematic manner and to prevent the mixing of relevant hazardous substances in products. The chairman of the Company is the ultimate person in charge of the hazardous substance management system, and formulates the green product policy and supervises the management review of the green product management system.



Green Product Organizational Structure

Division of Duties	
General Manager	Provide the personnel and resources required for the operation of the green product management system, and lead the management review of the green product management system.
Management Representative	- Establishment of hazardous substance management objectives. - Organize, plan, promote and implement the requirements of the hazardous substance management system. - Conduct internal audits and management audits on a regular basis to ensure the achievement of environmental objectives. - Report the performance of the hazardous substances management system to the top management.
System	- Assist in planning and organizing the implementation of the hazardous substance management system. - Responsible for collecting the latest environmental laws and regulations and changes in customer requirements, regularly updating environmental standards and communicating them internally. - Perform internal and management audits of the hazardous substances management system and follow up on the improvement and closure of non-conformities. - Responsible for the establishment, revision and improvement of documents related to hazardous substances. - Lead second and third party audits of hazardous substances management system and follow up on non-conformities for improvement and closure.
Production	- Produce green products to meet customer needs and ensure that all materials used in production are environmentally friendly. - Educate and train employees on green products.
Quality	- Assisting in risk assessment of finished products and establishment of in-house finished product sampling and testing programs. - Investigating, evaluating, and confirming the information (chemical composition) required by the customer's hazardous substance management requirements. - Conducting inspection of incoming materials/processes/finished products for hazardous substances in accordance with XRF (X-ray fluorescence spectrometry) delivery plans, and analyze and handle HSF (Hazardous Substances Free) anomalies. - Auditing the compliance of third-party hazardous substance test reports submitted by suppliers. - Auditing suppliers' hazardous substances management systems and follow up on non-conformities for improvement and closure.

Purchasing	- Responsible for communicating the Company's green product requirements to suppliers, as well as communicating information on suppliers' environmental non-compliance. - Request environmental information from suppliers for the corresponding items. - Sign environmental agreements with suppliers and conduct surveys of suppliers' processed products. - Plan annual audits of suppliers' hazardous substance management systems. - Responsible for advocating internal green product management policy, and formulating and supervising the implementation of green product related annual training plan.
HR	Responsible for advocating internal green product management policies and developing and supervising the implementation of green product related annual training plans.
Engineering	- Green product introduction design. - Execution of green product parts recognition operation, and parts containing hazardous chemical substances conformity confirmation.
Sales	- Obtain information on customer's green product requirements or changes and notify the relevant departments in the factory in a timely manner. - Lead the review of customer's environmental protection agreement.
PMC/Storehouse	Storage, labelling and planning of green products and their raw and auxiliary materials, and management of green products on a first-in-first-out basis.

* PMC: Production and material control

Full Life-cycle Management of Chemicals

In order to identify the content of chemicals in products and ensure comprehensive control of hazardous substances, the Company carries out total life cycle management covering procurement, evaluation, use, disposal and emergency response to safeguard the safe use of chemicals in all aspects.

The Company has formulated the New Product Development Procedures to incorporate risk control standards and environmental impact assessment and confirmation processes in the new product process. In the process of new product design, the project management team organizes personnel to analyze the project risks and product risks in advance (including environmental compliance risk assessment), formulate risk reduction plans, and determine whether the new product meets the environmental requirements. During the sampling process of new product samples, the Quality Department carries out environmental impact tests on the samples, conducts inspections and evaluations including environmentally hazardous substances, and provides environmental protection information on the raw materials of the new products to comprehensively ensure that the performance, applicability, and environmental impact of the new products meet the relevant requirements.

Full Life-cycle Management Measures

Procure	- When purchasing chemicals, in accordance with the Chemical Management Procedures, suppliers are required to provide qualification documents, MSDS (Chemical Safety Data Sheet) information, TDS (Technical Data Sheet), labelling specifications, operation and transport qualification information, third-party hazardous substance testing reports and sign environmental protection agreements, and chemicals are classified, evaluated and audited before purchasing operations can be carried out. - Chemicals containing cadmium (Cd), lead (Pb), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDEs), and phthalate esters (DEHP/DBP/BBP/DIBP) are required to provide relevant test reports to prove their compliance.
Evaluations	- When new chemicals are introduced, an assessment is applied to EHS in advance, covering the possible risks posed by the chemicals to operational safety, employee health and the environment, and the applicability of storage conditions for the chemicals. If process changes are involved, risk control measures need to be carried out through change management. - In order to clarify the chemical validation process and improve the efficiency and quality of validation, the Company has formulated the "Chemical Validation Management Code", in which each department is responsible for the upstream, midstream and downstream processes of chemical validation, and ensures the traceability of each link. Meanwhile, the source inspection of chemicals is strengthened and standardized to ensure that the chemicals used are legal and compliant with RoHS/HF/Reach and other environmental requirements.

Usage	- Detailed labelling of chemicals involved in all products, services and activities is carried out during the chemical use phase. The taking of chemicals must be arranged by a person in charge, and the amount of chemicals taken at each time is strictly controlled not to exceed the amount of chemicals used on the shift. - MSDS (Material Safety Data Sheet) must be prepared at the site of chemical use and implemented in accordance with its requirements. According to the part of "contact control and individual protection" in the MSDS, the labor protection of the personnel using chemicals should be regulated and the labor protection status in the process of using chemicals should be checked regularly. - A temporary storage area for chemicals must be set up at the work site and marked clearly, and the temporarily unused or remaining chemicals must be placed in the temporary storage area, and it is prohibited to place them on the outdoor land.
Disposal	For expired chemicals, chemicals whose labels are lost and cannot be identified, chemical waste residues, waste containers, waste rags and other discarded chemicals, they will be handed over to EHS for unified recycling and disposal, and a recycling registration system will be established, and hazardous waste will be placed in a fixed location with clear markings and managed by dedicated personnel. All departments of the Company do a good job of classifying the waste chemicals and their pollutants, and do not throw them away randomly.
Leakage	Formulate the Emergency Preparedness and Response Management Operating Procedures and the Chemical Spillage Emergency Operating Guidelines, and formulate corresponding standard operating regulations and emergency plans or on-site disposal programs for different types of chemicals, so as to promptly dispose of emergencies arising in the various links of the chemical life cycle through operational management and on-site engineering control, ensure the health and safety of employees, and minimize losses and hazards.

Chemical Restriction and Phase-out

The Company takes into account the requirements of domestic and international laws and regulations, including the directive on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), as well as the special requirements of our customers, and establishes internal control procedures, such as the Hazardous Substance Control Standards for Green Products and the List of Standards for Environmental Substance Control, and updates our chemical control list on a quarterly basis.

We have stipulated a total of 129 banned or restricted substances in raw materials, components, semi-finished products, finished products, packaging materials and auxiliary materials purchased by the Company. Eight chemical substances, including benzene, toluene, and brominated organic solvents, are included in the scope of control in the production process.

Category of Prohibited Substances

Category	Disable Description	Treatment
Level 1 banned substances	Laws and regulations	Immediate cessation of use
Level 2 banned substances	Laws and regulations have already stipulated a ban period Customers have requested restrictions or prohibitions on use The Company has proactively promoted bans	Restriction of use Actively promote prohibition of use
Level 3 banned substances	Future laws and regulations may ban or restrict use	Minimise use

Category	Quantity	Main substances
Product Materials (Restricted)	Number of restrictions 49	Limit the amount of chemical substances such as cadmium, lead, fluorine compounds, chlorine, and bromine in products such as batteries, insulating materials, and various chemical reagents.
Product Materials (Prohibited)	Prohibited quantity 80	Prohibit the inclusion of chemical substances such as polycyclic aromatic hydrocarbons, benzene, toluene, and hexabromocyclododecane in products such as various chemical reagents, paints, and electronic equipment.
Production Process (Prohibited)	Prohibited quantity 8	Benzene, chlorine-containing, bromine-containing organic solvents are prohibited in cleaning agents, degreasing agents, and mold release agents.

I Logistic Management

Combined with the existing information technology foundation, the Company started the construction of a digital green low-carbon factory in 2022, taking production orders as the core and big data integration and interconnection as the basis, organically integrating order demand with material supply, manufacturing, warehousing and logistics, using big data to optimize route planning and reduce the idling rate, monitoring energy consumption in real time through IoT technology, dynamically optimising energy use and reducing fuel consumption. It also promotes electrification from transport vehicles to loading and unloading equipment to reduce GHG emissions in the transport chain.

Controlling Pollution Emissions

LINGYI iTECH strictly follows the laws and regulations related to the prevention and control of pollutants, formulates the Environmental Emission Management Procedures, and strictly follows the Emission Permit Regulations and General Principles of Technical Guidelines for Self-monitoring of Emission Units to regulate the waste gas, waste water, waste and noise in the process of production and life, and to ensure that all pollutants are discharged in accordance with the requirements.

I Exhaust Gas Management

The Company strictly abides by the Law of the People's Republic of China on Prevention and Control of Air Pollution and other relevant laws and regulations, formulates the Operational Guidelines for Waste Gas Treatment and Guidelines for Management of Waste Gas Pollution Control, equips the production plant with corresponding ventilating facilities in accordance with the regulations, and properly handles the waste gases generated in the process of production, which can be discharged after reaching the standard through the waste gas treatment equipments.

In 2024, the Company has three subsidiaries (Dongguan Lingyi, Shenzhen Salcomp, and Vietnam Lingyi) participating in the Clear Air program. The aim of the Clear Air project is to actively reduce the emission of VOCs (Volatile Organic Compounds) through the three major links of "Source Reduction", "Process Control" and "End-of-Pipe Emission". Under the Clear Air project, Dongguan Lingyi's VOCs emissions were reduced by 99 tons, and Shenzhen Salcomp's VOCs emissions were reduced by 0.265 tons.

■ Exhaust Gas Management Measures

- As far as possible, adopt measures such as airtightness of equipment and premises, process improvement, etc., to improve the collection efficiency of exhaust gases and reduce the unorganized emissions of exhaust gases.
- Adopt measures such as airtightness, enclosure, covering, sweeping, sprinkling, etc., to reduce the emission of dust and gaseous pollutants generated from the storage, transmission, loading and unloading of internal materials.
- Set up standardized sampling ports at the entrance and exit of the waste gas treatment facilities respectively, as well as construct sampling platforms to facilitate sampling by inspectors.
- Under normal circumstances, opening the bypass is prohibited. In case of malfunction or overhaul, the bypass can only be opened with the consent of the ecology and environment department.
- Prohibit the emission of air pollutants by means of evading supervision, such as temporary shutdown of production for the purpose of avoiding on-site inspection, opening emergency emission channels in non-emergency situations, and improper operation of air pollution control facilities.
- Strengthen the daily spot check and regular maintenance of the waste gas treatment facilities, and regularly add chemicals according to the process requirements to ensure the stable and normal operation of the treatment facilities; and regularly maintain and check the guardrails, staircases and supports.

■ Waste Gas Management Project

- **LINGYI ITECH Dongguan Plant UV Photolysis Transformation:** In 2024, RMB 340,000 was invested in optimisation and upgrading, and the VOCs treatment efficiency was increased by 50%, effectively reducing VOCs emissions.
- **LINGYI ITECH Chengdu Plant Mist Elimination Box Renovation:** In 2024, RMB 30,000 will be invested in optimisation and upgrading, and the efficiency of VOCs treatment will be increased by 20%, which will effectively reduce the emission of VOCs.
- **LINGYI ITECH Chengdu Plant Exhaust Gas Facility Renovation:** In 2024, RMB 80,000 will be invested in optimization and upgrading, and the VOCs treatment efficiency will be increased by 40%, effectively reducing VOCs emissions.

I Wastewater Management

The main sources of wastewater generated by our Company are domestic sewage and industrial wastewater from production, etc. We strictly comply with the environmental regulations of the regions where our production operations are located, formulate the Wastewater Treatment Operation Instruction Manual and Environmental Discharge Management Procedures to clarify the wastewater discharge management procedures, update the wastewater discharge list on a regular basis, and hand over to EHS to manage the potential risks in our own wastewater discharge in accordance with the EHS Corrective and Preventive Measures Control Procedures.

■ Wastewater Management Measures

- **Rainwater:** Implementation of rainwater and sewage diversion; the first 15min initial rainwater into the initial rainwater pool, later rainwater discharged into the rainwater network, rainwater outlets set up controllable valves for the interception of rainwater in the plant under the state of accidents; hazardous wastes are prohibited from open-air storage in order to prevent accidental leakage or rainy days discharged into the external environment.
- **Domestic Sewage:** It is managed according to the requirements of EIA and approval, and discharged into the municipal sewage pipeline after being treated to the standard by the plant's domestic sewage station, septic tank or grease trap.
- **Production Wastewater:** Strengthen the daily inspection and regular maintenance of wastewater treatment facilities; secondary cofferdams need to be set up around transfer ponds and storage tanks; prohibit the mixed discharge and indiscriminate discharge of different types of wastewater; keep the wastewater treatment site clean and tidy, and sundry debris not related to wastewater treatment, hoses and fire hoses, submersible pumps, etc. must be removed, and pipelines unrelated to wastewater treatment must be dismantled.

■ Lingjie Plant Wastewater Management Project

Lingjie Plant sets up a special group of cost reduction and efficiency, water equipment, process water quality, research and verification mainly for:

- Reduce the frequency of cleaning line chemical tank drains to extend the length of time the chemical tanks are used.
- Reuse cleaner spray water for processes with less stringent water quality requirements.
- Use concentrated water (by-product) from a water purification station as a substitute for tap water for station chemical dispensing.
- Use of concentrated water (by-product) from water purification station instead of tap water for CNC floor cleaning.
- After the implementation of the project, 15,527 tons/year of discharges were reduced and 386,913 yuan was saved in wastewater treatment costs.

Waste Management

The Company has formulated the Waste Management Guideline, which regulates and describes the procedures for classification, recycling, storage and removal of waste, using special warehouses for storage and regularly handing them over to professional organisations for treatment. The main sources of hazardous and non-hazardous wastes in the Company are chemicals, organic wastes, waste liquids, paper, office wastes and so on.

We establish a mechanism for waste management data statistics, manage the entire process of waste generation, and strictly avoid contamination during the management process of collection, labelling, weighing and storage. We update the waste list on a quarterly basis, summarise the verification and carry out on-site confirmation.

In the manufacturing process, we implement waste recycling and reduction measures to reduce the amount of waste generated at source. For the waste transported out of the plant, we actively explore and adopt a variety of conversion methods, such as recycling, power generation, anaerobic digestion, biofuel production, composting, etc., to comprehensively improve the waste conversion rate and resource utilisation rate.

In 2024, a total of 17 plants participated in the ZWP (Zero Waste Program) project. By applying the 3R principles (reuse, reduce, recycle) and innovative proprietary processes, they comprehensively enhanced waste conversion rates and resource utilization. Among these, 14 plants achieved a waste conversion rate exceeding 90%, with an annual reduction of over 3,000 tons. Additionally, 4 production entities passed customer certification, with 2 obtaining UL 2799 certification.

Case

"Dual-Cut Process" of Shenzhen Linglue Shortlisted as a Case Study for Waste-free Supply Chains

In 2024, "Dual-Cut Process" of Shenzhen Linglue was successfully shortlisted as a waste-free supply chain research case. The Dual-Cut Process is an efficient material utilization method that involves precisely dividing a single piece of raw material into two during the manufacturing process, thereby producing two products of different sizes simultaneously. This method can save up to 50% of materials, helping not only to reduce production costs but also to minimize waste and enhance environmental sustainability.



Waste-free City



Waste-free Plant



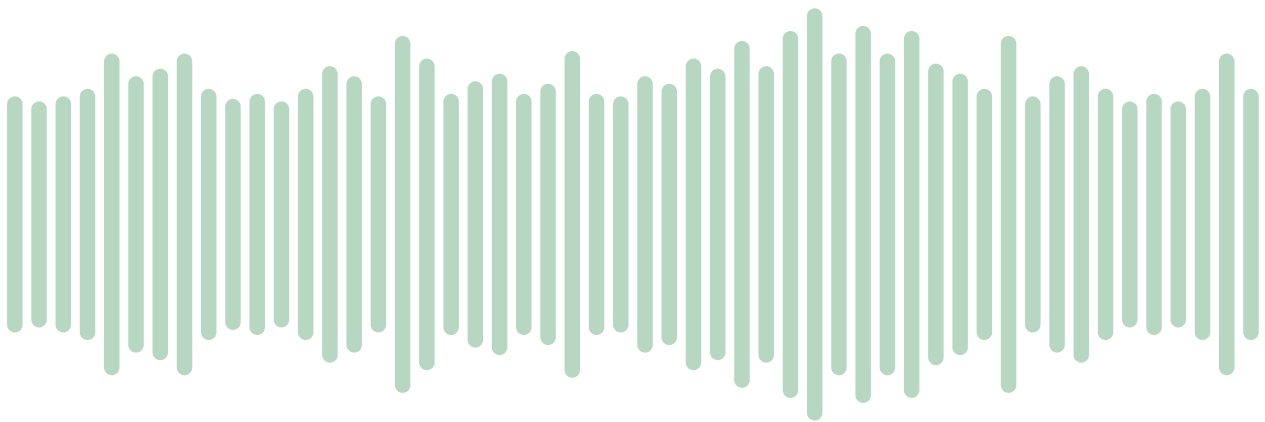
Waste-free Government Agency

I Noise Management

The Company strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution, the Environmental Noise Emission Standards for Industrial Enterprises at Factory Boundaries, and other laws and regulations of the place of operation, and we hire a professional environmental monitoring department to test the noise generated by the factory boundaries every year. Once it is found that the emission noise exceeds the standard, we will immediately carry out noise elimination and isolation modification to the relevant area until the noise emission reaches the standard. We implement key protection for noise-generating machinery and equipment, and take effective sound insulation measures. We require our employees to wear earplugs and other protective equipment correctly, and continue to carry out noise control work in an all-round to ensure that the noise at the plant boundary is always at a compliant level.

■ Noise Management Measures

- Priority is given to the use of low-noise equipment, while vibration-damping design is carried out when installing equipment, and vibration isolation and vibration-damping measures are taken at the bottom of the equipment.
- Take effective measures to reduce vibration and noise, optimise the process flow and reduce the noise generated by processes such as impact, shear and vibration.
- Adopts the design principles of "separation of noise and quiet" and "reasonable layout", and arranges noise-generating workshops and non-noise workshops, and high-noise workshops and low-noise workshops separately; it uses sound-absorbing enclosures and sound-insulating rooms, and places more serious mechanical equipment in sound-absorbing enclosures or sound-insulating rooms without affecting normal production, so as to reduce the spread of noise.
- For noise sources that cannot be replaced or isolated, consider adding anechoic equipment around them.
- Strengthen regular maintenance of equipment to ensure that it is in good condition and to reduce abnormal noise caused by equipment failure.
- Reasonable arrangement of employees' working hours and rest time to avoid prolonged exposure to high noise environment.



03

Smart Manufacturing, Pursuing Excellence

LINGYI iTECH is committed to a customer-centric approach, continuously deepening our quality management system by introducing intelligent production lines and digital management systems. This enhances production efficiency and product quality. The Company also builds a comprehensive customer service management system to deliver high-quality products and ensure customer rights.

Responding to the SDGs



Our Actions

- Obtained certifications for multiple product quality management systems, including ISO9001 and QC080000.
- Established and refined a full-cycle quality management system.
- Received several prestigious awards and honors for technological innovation, including the Guangdong Province Quality Innovation and Quality Improvement Achievement Award.
- Adhere to the principles of responsible marketing and continuously improve customer service systems.

Enhancing Quality Management

LINGYI I TECH is dedicated to improving its product quality management system by continuously optimizing internal processes and quality standards. The Company has established a comprehensive product quality management network that spans the entire lifecycle of products. Additionally, we actively conduct diverse quality training programs to enhance the quality awareness and professional skills of all employees. This provides strong support for producing high-quality products and continuously elevates the Company's quality management practices to higher levels.

Quality Management System

The Company adheres to the quality policy of customer satisfaction as the center, quality first as the focus, technological innovation as the core, and continuous improvement as the constant, and ensures professionalism and core competitiveness through independent business lines and a strict quality supervision system. The Company has set up a quality department responsible for quality management, and quality departments at all levels formulate relevant systems and strengthen quality management according to the business characteristics, and continuously improve and refine the management system of ISO9001/ISO14000/ISO45001/ISO13485/QC08000 and other types of management systems. Every year, the Company invites qualified international renowned institutions to conduct external audits, and continuously optimises quality management according to the Quality, HSPM Manual and EHS Management Manual formulated in accordance with the relevant management system.

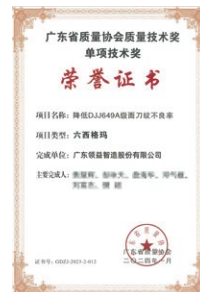
In 2024, all relevant production entities have passed the above management system certifications, and all production entities producing automotive-related products have passed the IATF 16949 automotive quality system certification.

In addition to strengthening the construction of our own quality management system, in order to ensure that the Company's products and services are of excellent quality, we resolutely require suppliers to obtain ISO9001 and other third-party quality system certification, which is a firm guardian of the rights and interests of customers, but also a strong proof of quality commitment.

Case

Shenzhen Salcomp Passes Certification for Level 4 of SMCMM³

On July 9, Shenzhen Salcomp successfully passed the certification for Level 4 of the Smart Manufacturing Capability Maturity Model. The passing of this certification signifies that Salcomp has made significant achievements in several key areas including intelligent production, equipment networking, and data-driven decision making. This has greatly enhanced the Company's production efficiency and product quality, providing customers with higher-value solutions.



Certification of Salcomp
(Shenzhen) Co., Ltd.



Guangdong Quality Association
Quality and Technology Award
- Single Technology Award

In 2024

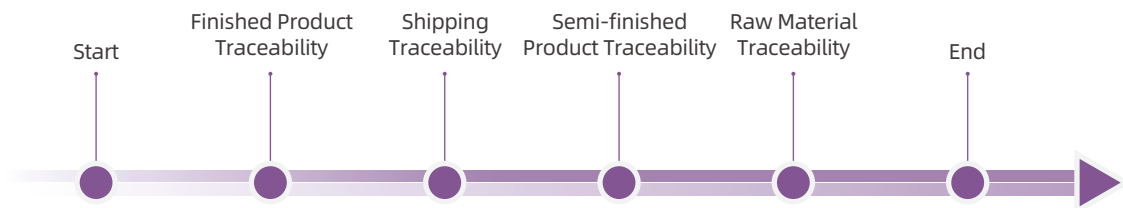
- 35 production entities of LINGYI I TECH are ISO 9001 certified and 22 production entities are IATF 16949 certified
- 0% of products recalled for safety and health reasons

³The Smart Manufacturing Capability Maturity Model (SMCMM) is an authoritative certification system under the guidance of the Ministry of Industry and Information Technology (MIIT) of the People's Republic of China (PRC), aiming at assessing the level of development of an enterprise's smart manufacturing capability. level 4 certification represents that the enterprise has reached a higher level of informatisation, automation, and intelligence, and possesses the capability of autonomous decision-making and optimisation.

I Full Lifecycle Quality Management

The Company carries out a full lifecycle quality management process for the production and manufacture of products, from product inspection, audit to the treatment of non-conforming products, product traceability and continuous improvement in the later stage, all of which have formulated a perfect system and procedures, and effectively implement the relevant operating procedures to ensure that all aspects of product production are effectively and perfectly quality control.

Product Inspection	Develop and adhere to the Inspection Control Procedure, conducting comprehensive monitoring and measurement of in-process and final products according to pre-determined quality inspection and evaluation standards as well as relevant production operating procedures. This ensures that all aspects of product quality, including HSF (Hazardous Substances Free) requirements, meet the expectations and regulations of customers and authorities.
Product Audit	Develop the Product Audit Management Guidelines and the Annual Product Audit Plan. The audit scope is extensive, ensuring that every detail undergoes rigorous inspection. At least once a year, a comprehensive audit is conducted for each product category. In the case of special customer requirements, strategies are flexibly adjusted to consider additional product audits, thereby rigorously ensuring product quality.
Nonconforming Product Handling	Adopt a strict zero-tolerance approach towards nonconforming products, following the Nonconforming Product Control Procedure for determination, identification, segregation, review, disposition, and recording. The review team, leveraging their professional experience, ensures the fairness and accuracy of the reviews. The engineering technology department responds swiftly to develop corrective measures, addressing the root causes to ensure continuous optimization of product quality.
Product Traceability	Develop the Product Identification and Traceability Procedure, clearly defining the processes for product identification and traceability to ensure products are easily recognizable and traceable. Through this procedure, nonconforming products can be quickly and accurately distinguished, avoiding confusion with conforming products and preventing misuse.
Continuous Product Improvement	Develop the Continuous Improvement Procedure, utilizing internal and external audits, data analysis, corrective and preventive actions, and management reviews to accurately identify the needs and opportunities for improving the quality management system. This ensures that the system remains continuously suitable, adequate, and effective.



LINGYI iTECH Product Traceability Information Chain

Lean Philosophy and Production Technology Co-development

With the diversification of products in the market and the continuous maturation of smart manufacturing technology, our production model is gradually shifting from fewer varieties with large batches to more varieties with small batches. The frequency of changing molds and lines during product production will increase accordingly. We continuously update our lean philosophy by integrating lean with automation and IT to improve production efficiency. Special emphasis is placed on promoting the application of SMED (Single Minute Exchange of Die) and flexibility. To meet developmental needs, we have formulated a lean production talent cultivation strategy aimed at nurturing talents in four areas: lean production, automation, Internet of Things (IoT), and intelligent manufacturing. Our goal is to train no less than 500 people annually. This initiative aims to provide lean thinking and methods for production, develop lean equipment, reduce waste, and offer human resource support for the upgrade path of Factory Ultra (Super Factory). This includes data collection, predictive prevention, and adaptive regulation.

This year, we jointly held Lean Production training with our customers, adopting a diversified approach of simulated hands-on training and production site combat in addition to theoretical training, so as to give the students a deeper knowledge of the knowledge points, and trained a total of 48 excellent instructors, 1,000+ Lean talents, and completed 3,600+ Lean Improvement projects.

The south China CNC plant introduced a Lean Improvement Project to re-plan the process flow, optimize the equipment layout, adjust the grinding process, etc., with a one-time financial benefit of RMB 5.23 million. The Stamping Metal Plate Project benefited RMB 453,000 per month by optimizing the process, adding robotic automatic loading, and introducing intelligent logistics, and the Cowling Parts Efficiency and Yield Enhancement Project accumulated a total benefit of RMB 2.374 million per year.

I Quality Empowerment

The Company actively organizes quality training and carries out quality improvement activities, so as to achieve continuous improvement of quality management level. In 2024, the Company carried out "Six Sigma Training" 41 sessions, with 1,468 participants and a total of 287 hours, "Quality Tool Application Training" 36 sessions, with 661 participants and continued to promote "98X" special quality improvement activities, with more than 1,000 parts from each subsidiary participating in the improvement activities, and about 80% of the parts participating in the improvement activities.

Case

"Six-Channel Magic Sword" Quality Training Series of Shenzhen Salcomp Successfully Concludes

From 6th to 13th March, Shenzhen Salcomp carried out the "Six-Channel Magic Sword" quality training, focusing on the essence of quality management and closing every possible management gap, deepening the employees' understanding of quality management, ensuring that every employee understands and implements the quality standards, and laying a solid foundation for quality improvement in the future.



Basic Product Appearance Inspection Training



Team Leader Daily Management Training



Basic Mathematical Statistics Training



Training Group Photo

 Case

LINGYI iTECH Participated in the QC Management Team Achievement Publication and Exchange Conference held by Shenzhen Quality Association and Won the Award

From 5th to 6th September, the Shenzhen quality association held a competition with the theme of "digital driving innovation and change stimulates vitality" and quality activity group QC project improvement publication and exchange competition, which was participated by 207 QC groups from the manufacturing industry, construction industry, service industry, etc. LINGYI iTECH participated in four projects in the manufacturing industry group, and won the bronze and excellence awards. Bronze Award and Excellence Award.

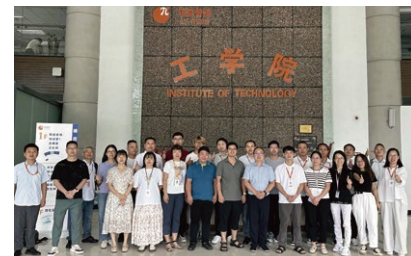


Shenzhen Quality Management Team/Quality Trustworthy Team Experience Exchange and Training Meeting

 Case

LINGYI iTECH's First Lean Six Sigma Black Belt Conference Was Successfully Held

On 28th November, LINGYI iTECH held the first phase of the Lean Six Sigma Practical Summary Conference. About 200 people attended this conference. A total of 60 Black Belt trainees were trained and 23 Black Belt projects were completed, of which 56 trainees passed the theoretical assessment to obtain the Black Belt training certificate, and 32 trainees passed the project defence to obtain the Black Belt qualification certificate.



First Black Belt Training Graduation Group Photo

Driving Development Through Innovation

LINGYI iTECH adheres to advanced manufacturing concepts of lean, automated, information-driven, and intelligent production. The Company actively leverages cutting-edge technologies to vigorously promote the development of smart workshops, enhancing production efficiency and quality. Additionally, LINGYI iTECH has established a comprehensive three-tiered research and development system, providing a solid framework and platform support for technological innovation. The Company places high importance on intellectual property protection, establishing and improving its intellectual property management system to fully safeguard innovative achievements.

I Innovative R&D

We take technology as our core competitiveness and "lean, automation, informationization and intelligence" as our manufacturing concept, resonating with the new quality productivity. The Company applies the research and development of artificial intelligence and robots to the overall industrial solution of automated production, and combines the self-developed multi-functional numerical control and automation equipment to build a modern and efficient intelligent factory. The Company builds a systematic three-tier R&D system, focusing on the application of cutting-edge technology in the industry, product development and engineering realisation around the related fields of materials, processes and procedures, and continuously expands the application of the Company's advantageous processes and procedures, such as die-cutting, stamping, CNC, injection molding, etc., in the new business fields, emerging industries and future industries.

The Company sows and nurtures seeds for lean production through software and hardware facilities such as the digital learning platform, lean teaching, the four-chemistry dojo (lean, automation, intelligence and digitalization) for trainees' internships, and the intelligent workshop for practice, etc. The School of Engineering carries out weekly lean teaching and conducts targeted training and teaching in response to different needs.

In 2024

- R&D investment is 1,977.9289 million yuan
- R&D staff is 6,367 persons

"Research and Practice of China's Science and Technology Innovation Evaluation System" Released at the "2024 Sci-Tech Innovation Leaders Exchange Conference," with LINGYI I TECH Featured as an Outstanding Case Study



The 4th Guangdong Province Quality Innovation and Quality Improvement Achievements Presentation Competition Successfully Held in Guangzhou, LINGYI I TECH's Team Wins 4 First Prizes in the Six Sigma Theme Competition



The 2nd National Mobile Application Innovation Competition Supply Chain Group Successfully Held at Zhejiang University, LINGYI I TECH's IT Team Wins 'Best Innovative Proposal Award' with "Everything Repairable" Project



Intellectual Property

In order to strengthen the declaration, management, implementation and protection of the Company's intellectual property rights, regulate intellectual property rights, encourage the enthusiasm of employees to invent and create, and promote the popularisation and application of scientific and technological achievements, we insist on the two-pronged approach of intellectual property rights research and development and protection. In accordance with relevant national laws and regulations such as the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Contract Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, and considering the Company's actual situation, the Company has revised and enacted the Intellectual Property Management Regulations, which stipulates in detail the workflow of new patent application, maintenance, transfer, technology patent search, infringement litigation, ineffective response, etc., and endeavors to construct a comprehensive and efficient intellectual property management system to provide a solid institutional guarantee for the Company's sustainable innovative development and market competitiveness.

In 2024

- the Company obtained a total of 2,365 patents, including 383 invention patents, 1,696 utility model patents, 62 appearance patents and 224 trademarks.

Protecting Customer Rights and Interests

LINGYI I TECH adheres to a responsible marketing philosophy, regularly conducting customer satisfaction surveys. By implementing refined management practices, the Company accurately understands and addresses customer needs. It continuously improves its customer complaint handling mechanisms to ensure efficient resolution of customer issues and consistently enhances service quality. Additionally, we strictly comply with privacy protection regulations, fully safeguarding customer privacy and ensuring comprehensive protection of customer rights.

Responsible Marketing

We strictly adhere to the provisions of the Advertising Law of the People's Republic of China and have developed the Integrity Compliance Manual as a guide for all employees in their marketing activities. We adhere to integrity management and advocate responsible marketing concepts, strictly prohibit any form of false publicity, and ensure that the content of every publicity is truthful and reliable, and does not mislead or deceive consumers. During the reporting period, the Company did not receive any complaints or legal proceedings relating to misleading or deceptive contents of promotional information to consumers.

Customer Satisfaction Management

We understand that customer satisfaction is the key to the success of an enterprise. Therefore, in addition to daily communication, we accurately measure and evaluate customer satisfaction in accordance with the Customer Satisfaction Monitoring Procedure, and grasp the current situation and trend of customer satisfaction in real time, so as to provide a basis for the Company's business plan and the continuous optimisation of the management system. At the same time, we also actively integrate customers' valuable suggestions and internal feedback as an important reference for continuous improvement, and constantly pursue excellence to enhance customer satisfaction.

LINGYI I TECH Customer Satisfaction Monitoring Procedure	
Satisfaction Survey Planning and Program Validation	- A customer satisfaction survey must be carried out every six months. The scope of the survey should include all the Company's customers who have been officially delivered projects. - Customer Satisfaction Survey List to be approved by Customer Service Manager or above. Customer satisfaction survey includes: technical capability, product quality (appearance, function and performance, packaging, HSF control capability and performance), delivery timeliness, satisfaction with quality complaint handling, transport mode, sales service, customer service.
Survey Questionnaire Distribution	The Delivery Management Center issues the Customer Satisfaction Survey Form to each customer according to the Customer Satisfaction Survey List and explains to each customer the purpose of the survey, the requirements for completion and the response time.
Survey Questionnaire Collection	- The Delivery Management Center is responsible for collecting Customer Satisfaction Questionnaires and following up with non-responding customers to ensure that the questionnaires are collected in a timely manner. - On-board customers need to add statistics on the Internal Performance Statistics for Customer Satisfaction, customer ratings (if any) to demonstrate the degree of compliance with customer requirements for product quality and process efficiency. Customer satisfaction statistics validity assurance: unreturned questionnaires are not included in the statistics, and the recovery rate of all customer questionnaires requested to be distributed: ≥80% for non-vehicle customers and 100% for vehicle customers.
Statistical Analysis of Survey Results	- There are five levels of customer satisfaction: very satisfied, 90-100 points; satisfied, 80-89 points; fair, 60-79 points; dissatisfied, 40-59 points; and very dissatisfied, below 40 points. - The final survey score results are statistically analysed by the Delivery Management Centre to form the Customer Satisfaction Survey Analysis Report.
Improvement Tracking	The Delivery Management Center is responsible for following up the effect of improvement, and if it does not meet the requirements, it should reissue the Corrective and Preventive Measures Report and require the responsible departments to make improvements again until they are qualified.

I Customer Complaint Handling

In order to ensure that customers' suggestions and complaints can be timely and effectively conveyed to the relevant business departments and properly handled, the Company has set up a multi-channel feedback mechanism, including telephone, email, fax, mail, and WeChat, and formulated the "Customer Complaint Handling Procedures" to respond to customers' complaints in a timely manner, take corrective and preventive measures to eliminate the factors of non-conformity of the products or services, and to prevent the problem from reoccurring. We manage customer complaints efficiently with the help of QMS quality management system to ensure prompt feedback, timely handling, and effective improvement. In 2024, 100% of our customer complaints completed closed-loop handling.

LINGYI iTECH Customer Complaint Handling Procedure	
Receiving and Confirming Customer Complaint Information	- When the Business Department or Quality Department receives a customer complaint, the customer complaint information will be fed back to the PD (Manufacturing Department), ME (Manufacturing Engineer), QE (Quality Engineering Department) or CQE (Quality Engineer) in the factory within 1 hour, and QE will take the lead in the handling of the customer complaint. - CQE is responsible for confirming the completeness of the information. If the customer complaint information is not complete, find the corresponding customer or sales to confirm the missing information. - QE, PD or ME is responsible for determining whether the customer complaint is reasonable or not, if it is not reasonable, then notify the business and make a reasonable explanation; when there is a dispute or the customer has a request, the quality department should send someone to confirm the client site.
Implementing Urgent Countermeasures	- PQE or DQE to organise relevant departments to take urgent measures within 4 hours to identify materials in different states (e.g. raw materials, in-process, in-stock, in-transit and at the client's end, etc.) - According to the preliminary results of the investigation, convene engineering, production and other departments to discuss the treatment plan for the inventory, such as the adoption of emergency containment measures in the factory, including the isolation of defective products, production adjustments and other measures, and notify the relevant departments. - Sales, customer service and quality departments will discuss temporary measures with the customer if the customer's production is affected.
Root Cause Analysis and Countermeasures	- PQE or DQE leads relevant departments to analyse the causes, determine the root causes and formulate short and long term improvement measures. - In case of defects caused by outsourcing or raw materials, suppliers or subcontractors are required to respond with emergency measures within 4 hours and treatment reports within 2 working days.
Responding with a Complaint Report	- CQE is required to complete the response to the formal customer complaint report within 5 days after confirming the customer complaint information. - If the processing time is exceeded due to special circumstances, an explanation should be given to the customer.
Effectiveness Tracking	- CQE and QS are responsible for following up the implementation of improvement measures and closing the case after confirming the effectiveness of the measures. - If three consecutive deliveries of the same material number are made or if two months have elapsed without complaints, the measure is judged to be effective. - The Quality Manager provides final confirmation of the closure status of each complaint.
Regular Analysis	- The Quality Manager regularly collects customer complaints, carries out comprehensive analyses, conducts horizontal analyses of products in the same category, sums up experiences and lessons learnt, and optimises relevant procedures and documents accordingly. - Customer complaint information will be used as one of the input items for the monthly director's meeting and management review meeting.

04

Responsible Supply Chain, Co-creating Value

LINGYI iTECH consistently adheres to responsible sourcing principles, building a sustainable supply chain system. The Company strictly prohibits the use of conflict minerals from multiple angles, ensuring transparency and ethical standards in its supply chain. LINGYI iTECH enhances communication and collaboration with industry partners to jointly create a win-win and sustainable future, promoting green development and social responsibility throughout the entire industry chain.

Responding to the SDGs



Our Actions

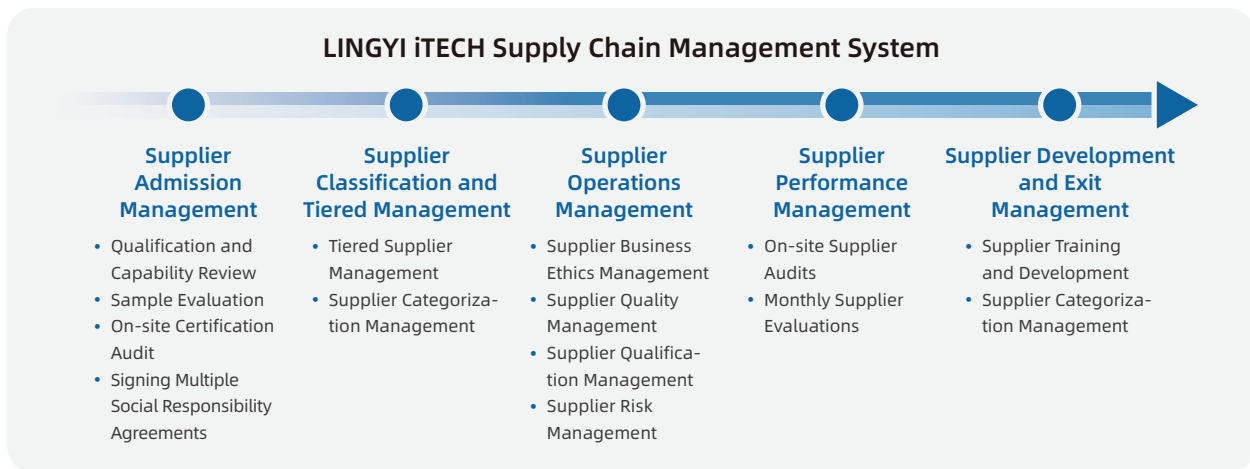
- Established a comprehensive supplier management system covering the entire process from supplier entry to development and exit.
- Developed multiple environmental protection and business ethics control requirements for suppliers, striving to build a sustainable supply chain.
- Signed the Supplier Operational Risk Management Requirements agreement with suppliers to strengthen the awareness of shared risk.
- Conduct detailed conflict minerals investigations strictly in accordance with the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI).

Supplier Management

LINGYI iTECH has established a comprehensive supplier management system that covers the entire process from supplier entry to development and exit. The Company continuously focuses on building a green and ethical sustainable supply chain, strengthening supply chain risk management and actively conducts relevant training to enhance the resilience of the supply chain.

I Supply Chain Management System

The Company is committed to building a supply chain system that is sustainable, inclusive and technologically cutting-edge. Based on the corporate philosophy of sustainable development, the Company has formulated the Supplier Management Procedures and Procurement Control Procedures, etc., to continually standardise and upgrade the supply chain management process.



Supplier Admission

In order to build a solid and reliable supply chain system, the Company has established a set of multi-level supplier management mechanism. From supplier access to selection, every step of the process is rigorously screened, and suppliers are required to fill out a detailed Supplier Assessment Questionnaire for self-assessment and undergo our comprehensive on-site evaluation. From Company qualification to compliance, from sample quality to compliance with environmental standards, to raw material sources, we have conducted meticulous inspections.

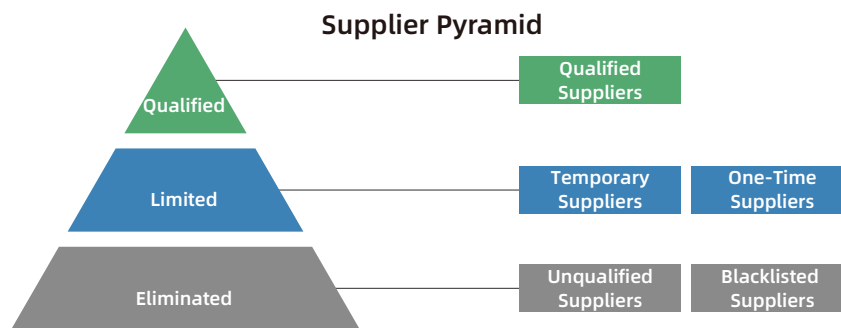
To ensure the smooth entry of new suppliers, the Company requires them to sign a series of agreements such as Environmental Protection Agreement, Supply Quality Assurance Agreement, Supplier Integrity Agreement, Supplier Commitment to Fulfilment of Social Responsibility, Questionnaire on REACHSVHC Substances, "Checklist of Standards for the Control of Environmental Substances, Supplier Notice on Risk Management of Operations, Declaration of Conformity to Environmental Protection of Products" and "Declaration of Good Faith, etc., so as to make clear the suppliers' commitment to social responsibility, environmental protection and product quality is clearly defined. After strict on-site auditing, only suppliers that meet the standards can become our temporary partners. After 6 months of co-operation without any abnormality, the supplier can apply to become our qualified supplier and be formally listed in the Qualified Supplier Roster. This series of access process and agreement signing not only enhances the stability and reliability of supply chain, but also lays a solid foundation for the sustainable development of our Company.

In 2024

- Total number of suppliers: 3,000+
- Rate of suppliers included in the list of qualified suppliers: 100%

Supplier Classification and Tiered Management

In order to strengthen the management of suppliers and enhance the efficiency of cooperation, the Company implements a refined classification and grading management strategy for suppliers based on the Supplier Management Procedures and Supplier Grade Management Specification. Taking into account factors such as suppliers' qualifications, integrity records, quality risks and material compliance, we classify suppliers into three major categories, namely qualified, restricted and eliminated, and refine them into five levels of management to ensure that suppliers at all levels are accurately managed and paid attention to. At the same time, we conduct regular supplier promotion and reclassification evaluations based on the results of monthly and annual evaluations, taking into account supplier qualifications, financial status, business environment, service performance, product quality, raw material sources and transport distances and other dimensions, to ensure that the evaluations are comprehensive and fair. When the suppliers meet the requirements for upgrading and downgrading and have been approved, we process them in a timely manner to optimize the supply chain structure, enhance overall competitiveness, and effectively improve the efficiency of supplier management, which provides a strong guarantee for the Group's sound development.



Supplier Audits

In order to ensure the efficiency and stability of the supply chain, every month, the four departments of Purchasing, SQE, Engineering and IQC join hands to conduct a comprehensive assessment of the suppliers' quality qualification rate, cost control, delivery punctuality, service level and environmental compliance. We score our suppliers in strict accordance with the Specification for Supplier Scoring Rules and classify them into four grades: A, B, C and D. For C and D grade suppliers with temporary, low monthly ratings and large purchasing volumes, we will conduct more stringent annual audits.

Monthly Evaluation Criteria for Suppliers of LINGYI iTECH

Department	Evaluation Factors
Purchasing	Delivery time, number of excess freight charges, purchase order signing back, communication on F/C preparation and production progress, communication on delivery exceptions, request for shipment, communication attitude, sampling information, sampling and acknowledgement, price, cost analysis.
SQE	Quality Improvement Co-operation, Abnormal Re-occurrence, Major Incidents, Customer Complaints, Environmental Reports, Environmental Violations, Others
Engineering	Technical Support
IQC	Feed Yield Status

Supplier Tiering

A Level	Priority procurement of materials from them (e.g., priority for new project development, increased procurement)
B Level	Maintenance of materials at original purchase level
C Level	One-month delay in payment for goods, with the possibility of continuing to procure goods, a deadline of one month for improvement and another full assessment; the following month, grade C, with a three-month delay in payment for goods, with the possibility of continuing to procure goods, a deadline of one month for improvement and another full assessment D grade in the following month, reduce the procurement amount, can continue to purchase materials, a deadline of one month to improve and again comprehensive evaluation; if the rectification is OK, maintain the original procurement amount
D Level	If the payment is delayed for three months, the Company can continue to purchase materials, and has a deadline of one month to make improvements and conduct a comprehensive evaluation again. If the next month is grade C, the payment will be delayed for six months, and the purchase of materials can be continued, with a deadline of one month for improvement and another comprehensive evaluation; if the next month is grade D, it will be directly eliminated. If the rectification is OK, the purchase can be continued, but the purchase amount will be reduced.

For the annual audit, we adopt a combination of supplier self-assessment and on-site audit to conduct a comprehensive and in-depth assessment of the supplier's quality management system, training management, development and design capability, hazardous substance management and process control. Meanwhile, in order to further ensure the stability and continuity of our supply chain, we fully incorporate the core elements of corporate social responsibility, environmental protection, occupational health and safety, hazardous materials management, business ethics, human rights protection and conflict minerals management into our annual audits and conduct rigorous evaluations around these key areas. If a supplier performs poorly in the annual audit, we require it to propose specific improvement measures within one week and commit to completing all abnormal improvements within one month.

Environment

Environmental Management Certification System, Pollutant Compliance Discharge, Environmental Management

Safety

Dangerous goods management, fire safety and other emergency plans for accidents, canteen hygiene, occupational diseases

Social

Active and passive bribery, human rights, integrity management systems and systems, labor practices, conflict minerals

In 2024

- A total of more than 200 supplier training sessions were conducted, covering content including product standards, traceability requirements, social responsibility, environmental protection, safety and other relevant content
- The number of suppliers audited was 775, the number of suppliers passing the audit was 750, the number of suppliers failing the audit was 25, of which the number of suppliers failing the audit but improving within the timeframe was 8, and the number of suppliers failing the audit and ultimately terminating the relationship was 17

Building the Sustainable Supply Chain

We uphold the core value of "Value Symbiosis, Long-termism" and practice responsible sourcing. We require our suppliers to actively fulfil their environmental and social responsibilities, and work with our supplier partners to build a truly responsible supply chain, injecting more positive energy into society and the environment, and building a better future together. At the same time, we expect our suppliers to share the values and to adopt principles similar to those of LINGYI iTECH in terms of their accountability to stakeholders, including:

- Comply with all applicable laws
- Respect basic human rights of employees
- Comply with laws prohibiting child labor
- Take responsibility for the health and safety of our employees
- Commitment to operate with integrity
- Ensure that the supply of raw and auxiliary materials complies with the European Union's REACH standards
- Commitment to not use conflict minerals
- Comply with LINGYI iTECH's supplier regulations and practices

Green Supply Chain

In order to ensure the environmental friendliness of our products, we have formulated the "Green Product Hazardous Substance Control Standard" to provide clear guidelines for banning, restricting and managing environmental substances both internally and for our suppliers. Suppliers are required to fully understand and implement the standard to ensure that the products supplied comply with the RoHS Directive, Halogen Restriction and REACH and other environmental requirements, and pass our RoHS/HF/REACH compliance assessment. At the same time, new suppliers are required to submit material composition analysis sheets and provide environmental information such as hazardous substance content test reports in accordance with the specified cycle.

The Company requires all suppliers to sign Environmental Protection Agreement, REACH/SVHC Substance Questionnaire, Conflict Minerals Questionnaire and Declaration of Product Environmental Compliance, etc. The Company establishes and implements the management mechanism of the second-tier suppliers, carries out the quality control of the key raw materials through the quality authentication system or other effective means, and passes on the quality and environmental protection requirements of the Division to the second-tier suppliers and signs control agreements with them to ensure the implementation of product environmental protection requirements.

Integrity Supply Chain

The Company adheres to the principle of clean procurement, and new suppliers must sign integrity-related agreements such as the Supplier Integrity Agreement, the Supplier Commitment to Fulfilment of Social Responsibility, and the Declaration of Integrity at the time of importation to ensure that the cooperation is transparent and fair. Once the Company discovers that a supplier has commercial fraud or integrity issues in the course of cooperation, it will immediately take freezing measures to remove it from the qualified supplier roster, suspend its supply qualification in the system, and include it in the supplier blacklist list to never cooperate. During the reporting period, the proportion of suppliers meeting the requirements to sign the supplier integrity agreement was 100%.

Supply Chain Risk Management

During the supplier introduction stage, the Company requires suppliers to sign the "Supplier Operational Risk Management Requirements" notice in order to enhance the awareness of risk sharing. In the event that a supplier has an operational risk in terms of reputation, strategy or operation management that may affect normal operations, we require it to provide a timely notification and submit a plan for resuming production within four hours. At the same time, we encourage suppliers to set up special teams to actively respond to crises and promptly resume production to ensure a smooth supply chain.

With regard to risk management in the environmental and social areas of the supply chain, in our monthly assessment of suppliers, we require suppliers to fill in the Supplier System Audit Form and conduct a comprehensive self-inspection of risks in the areas of quality system, management of hazardous substances, corporate social responsibility and information security. We firmly adopt a zero-tolerance attitude towards major issues identified in the assessment, such as serious damage to basic human rights, the use of child labor, forced labor, violation of integrity and honesty standards, and environmental pollution. We require suppliers to immediately formulate corrective and preventive measures and continuously follow up on the progress of rectification.

In order to enhance our ability to respond to supply chain disruptions, we regularly conduct business continuity drills. By simulating various events that may lead to supply chain disruptions, we analyze the deficiencies in the execution process, formulate improvement measures for the problems identified in the drills, and continuously follow up on the effects of the improvements. In addition, we are actively implementing the green supply chain concept. Since 2022, through the Institute of Public and Environmental Affairs (IPE), we have been monitoring the environmental performance of our subsidiaries and suppliers. This dynamic monitoring allows us to effectively identify potential environmental risks, promote the reduction of pollutants throughout our supply chain, and contribute to building a green and sustainable supply chain.

Supplier Capacity Building

On the basis of building a perfect sustainable supply chain system, we actively carry out multi-dimensional supplier training on environmental protection, quality, etc., and work with suppliers to jointly improve supply chain efficiency and quality. In 2024, the Company will carry out 200+ times of supplier training, covering 800+ suppliers.

Case

LINGYI iTECH Carried out Supplier Training on Environmental Information and Shipment Quality Management

LINGYI iTECH carried out two online training sessions for suppliers and one on-site training session for suppliers' environmental protection information and shipment quality management, with more than 800 people, which has enhanced suppliers' understanding of environmental protection regulations and improved their shipment quality control capability.



Case

LINGYI iTECH Carried out HengLi Injection Molding Mis-mix Supplier Training Conference

LINGYI iTECH carried out HengLi injection molding wrong mixed material supplier training conference. The training content mainly focuses on the wrong mixed material control program, 36 suppliers a total of 84 people participated in the training. All the suppliers participating in the training together signed the "zero defect" goal of the military order.



Conflict Minerals Management

In response to global regulatory requirements, we have actively incorporated conflict minerals into our raw material procurement and supplier management to comply with international trends and meet customer expectations. We have formulated a strict Conflict Minerals Management Procedure and insisted on legal compliance in raw material procurement, resolutely refraining from purchasing any conflict minerals that directly or indirectly finance armed conflict areas, and taking a zero-tolerance attitude towards the issue of conflict minerals.

The Company conducts rigorous surveys of all products and materials that may contain conflict minerals such as gold, tantalum, tin, tungsten, cobalt and mica. Every year, our main production plants carry out detailed surveys in strict accordance with the Conflict Minerals Applicable Reporting Questionnaire (CMRT) provided by RMI (Responsible Minerals Initiative) and Extended Minerals Reporting Template, in order to accurately grasp information on smelters involved in the raw materials of the products we produce, and to require that smelters in the supply chain must be on the RMI list. In addition, we also actively fill in the CMRT conflict minerals investigation report, fully cooperate with our customers in the audit work, and actively participate in the conflict minerals training and Downstream Audit Program (DAP) training, so as to practise CSR with practical actions, and work together to safeguard the peaceful use of global mineral resources.

We strictly follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, incorporate conflict minerals screening into our supplier access mechanism, and require all suppliers to submit a Supplier Conflict Minerals Questionnaire and sign a Supplier Commitment to Conflict-Free Minerals, making it clear that they must adopt a 100 per cent responsible approach to minerals sourcing, and make a solemn commitment to never using conflict minerals. We make it mandatory for suppliers of relevant minerals to be certified or audited by a recognised third party to ensure transparency and compliance in the supply chain.

In order to ensure the traceability of products in our supply chain, we have established an advanced raw material batch traceability system to accurately trace the origins of raw materials such as gold, tantalum, tungsten, tin and cobalt in all LINGYI I TECH's products using flow labels and shipping labels. During the reporting period, we achieved 100% traceability of the origin of our raw materials. Meanwhile, in conjunction with due diligence on our suppliers, we confirmed that all raw materials during the reporting period were free of conflict minerals. We will continue to uphold our responsibilities and endeavor to build a green and peaceful supply chain, contributing to the sustainable development of the industry.

Industry Exchange and Collaboration

LINGYI I TECH is actively involved in the industry's exchange and cooperation activities, and in-depth cooperation with universities and research institutes, the creation of a platform for cooperation between industry, academia and research, access to the latest scientific research results and technical support, to promote technological innovation and industrial upgrading, the Company's own technological upgrading and the rapid development of the industry as a whole injected a strong impetus, and together to promote the industry to a higher level.

With the constant changes in the international economic situation and the continuous updating of policies, regulations and technologies, the Customs Department of the Company joined the Huangpu Customs Brokerage Association and the Shenzhen Customs Brokerage Association, and actively participated in the industry exchange activities and trainings organised by the associations (e.g. the Third Customs Festival of Guangdong, Hong Kong and Macao Greater Bay Area, the analysis of the Customs Tariff Law and the prevention and control of tax risks of exporters, and the exchange meeting of internal auditing for the advanced certification of AEO, etc.), so that the Company could better grasp the cutting-edge policies and adapt to the external changes. Promote the development of compliance in the industry.



Attend the 2nd Smart Terminal Summit



Attend the 3rd Guangdong-Hong Kong-Macao Greater Bay Area International Customs Festival

 Case

LINGYI ITECH Attends Summit, Shares AI High Computing Chip Heat Sink Development Trends

On November 15, LINGYI ITECH attended the 2024 Third (Data Centre, AI Chip, Automotive Electronics) China AI Big Model Technology Development and Liquid Cooling Technology Summit and the 2024 China Liquid Cooling Heat Sink Innovative Design and Intelligent Manufacturing Summit, and delivered a keynote speech titled "AI High-calculation Chip Heat Sink Development". The Company made a detailed introduction on AI high-computing chip heat sink trends and technology development challenges, chip heat sink module in liquid cooling design analysis and application, LINGYI ITECH product service blueprint and introduction.



 Case

LINGYI ITECH Exhibits at the 2nd China International Supply Chain Promotion Expo

In November, LINGYI ITECH exhibited at the 6-day 2nd China International Supply Chain Promotion Expo, where it gained widespread attention for its multi-dimensional display of lean, data, automation and green manufacturing. LINGYI ITECH will continue to combine the Company's strengths in intelligent manufacturing, green manufacturing and talent development, and unswervingly promote the New Four Intelligent Manufacturing, linking the world and creating a better future together.



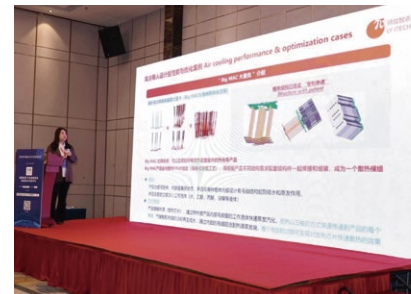
The Upgraded Intelligent Circular Knife Device

 Case

Beyond 3DVC - LINGYI ITECH Showcases BigMAC, a High-end Cooling Product

In December, LINGYI ITECH participated in the "2024 China AI Chip Developer Forum", the Company's technical director delivered a keynote speech on "AI High Computing Chip Heat Sink Development", and for the first time demonstrated the Company's latest development of high-level heat dissipation products - BigMAC.

BigMAC can be applied to all heat transfer products with high heat density components. In comparison tests with 3DVC used in advanced AI servers in the market, BigMAC has better performance under different power consumption conditions from 400W to 1000W. BigMAC delivers better heat dissipation performance while achieving a 30% reduction in material cost and 30% reduction in manufacturing cost, 35% reduction in Lead Time (the time between order receipt and shipment), and 5% increase in yield.

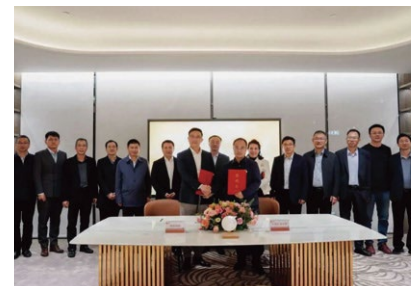


We strengthen the cooperation between industry, academia and research, and establish cooperation with China University of Mining and Technology, Guangzhou University of Technology, Fuzhou University, Singapore Academy of Sciences, Wuhan University and many other universities and scientific research institutions, to carry out a number of product R&D and design, technological research and product development, to improve the ability and effectiveness of enterprise technological innovation, as well as the university research institutes of the technology industry practice and landing.

 Case

LINGYI ITECH and China University of Mining and Technology Strategic Collaboration, Jointly Exploring Industrial Robotics and AI Research

On 26th December, China University of Mining and Technology (CUMT) and LINGYI ITECH signed a Strategic Cooperation Framework Agreement and a Memorandum of Cooperation on Technology Research and Development. The two sides will establish a comprehensive partnership in talent training, scientific research and innovation, and transformation of scientific and technological achievements in industrial robotics and artificial intelligence, and set up the China University of Mining and Technology-Guangdong LINGYI ITECH Joint Laboratory to be responsible for the implementation of the relevant scientific research projects. The establishment of this strategic co-operation marks that the co-operation between the two sides has entered into a substantive implementation stage. LINGYI ITECH will give full play to its technological advantages in the field of intelligent manufacturing, strengthen cooperation with universities, and join hands with China University of Mining and Technology to jointly promote the prosperous development of China's intelligent manufacturing industry.



05

Collaborative Growth, Thriving Workplace

LINGYI ITECH upholds the principle of "people-oriented," ensuring employee rights and offering a competitive benefits and compensation package, and providing robust career development and promotion opportunities. The Company cares about employees' work-life balance, health, and safety, creating a supportive, harmonious, and diverse work environment that promotes growth and progress for every individual.

Responding to the SDGs



Our Actions

- The Company has 70,319 employees in mainland China, with a 100% formal labor contract signing rate and social insurance contribution rate.
- There were no incidents of non-compliance with labor standards, nor any administrative penalties due to labor arbitration.
- Over 300 employee care activities were held, involving 30,000 participants.
- Two comprehensive satisfaction surveys were conducted among all grassroots employees.
- The total training investment was RMB 87,607,300, with 92,843 participants in both online and offline training sessions, achieving a training coverage rate of 98.32%.

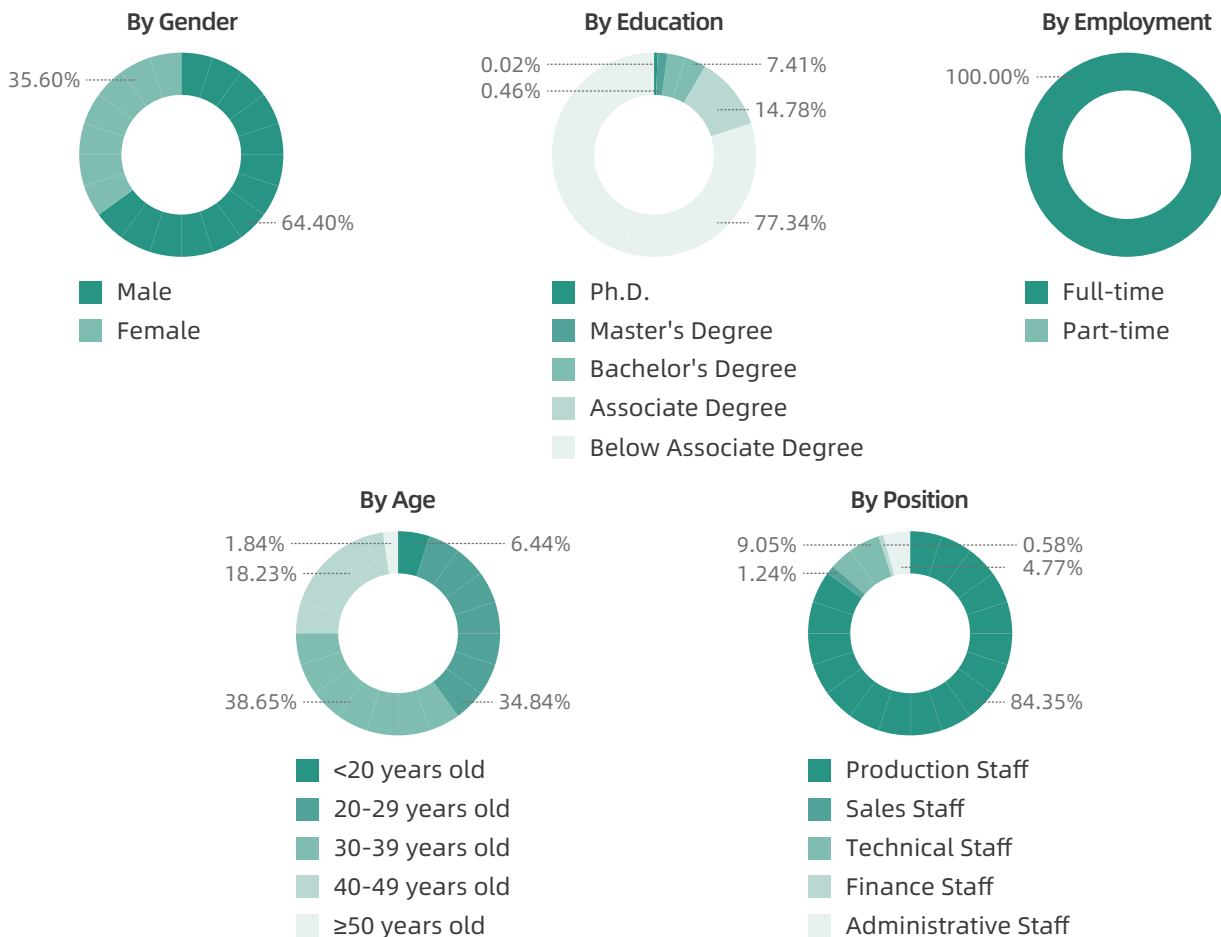
Safeguarding Employee Rights

LINGYI I TECH strictly adheres to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other relevant laws and regulations, safeguarding employee rights. The Company has established internal HR policies covering recruitment, employee training, compensation and performance, and democratic communication to protect employee rights and enhance skill levels, ensuring the achievement of the Company's operational goals while securing employees' rights and fostering their growth.

Diversity and Equality

The Company complies with labor and human rights laws and regulations, establishing guidelines such as Recruitment Identity Verification Management Regulations, Management Regulations on Juvenile Workers, Student Workers, and Prohibition of Child Labor, and Anti-Discrimination Management Measures. The Company adheres to the principles of "openness, fairness, and impartiality," providing equal opportunities to every employee regardless of their race, gender, age, religious beliefs, or disability status. We sign labor contracts in accordance with the law, clearly defining the rights and obligations of both parties, thereby protecting the legitimate rights and interests of employees. This builds a diversified and inclusive work environment.

As of the end of 2024, the Company had 70,319 employees in mainland China, the contract signing rate for regular employees and the social insurance contribution rate are both 100%. The localization employment rate was 28.54%. There were no incidents of non-compliance with labor standards, nor were there any administrative penalties resulting from labor arbitration cases.



*The sum of the percentages may exceed 100% when rounding to two decimal places using the round half up method.

Compliance Recruitment

Each department drafts a manpower requirement plan based on the Company's development strategy and annual work objectives. After approval by the department head, they submit a Personnel Requisition Form, which is then approved by the head of the HR department. Any adjustments require re-approval. The HR department develops an annual recruitment plan according to these needs, with the recruitment process being supervised by director-level executives. We maintain a complete talent pool with real-time updates, regularly or irregularly reaching out to candidates in the pool to prepare for and respond to future manpower requirement changes.

Throughout the recruitment process, we strictly follow guidelines such as Employment Recruitment Standards and Recruitment Identity Verification Management Regulations. We are committed to open recruitment, fair competition, and selecting the best candidates. To continuously attract top talent, we utilize a wide range of channels including internal postings, employee referrals, online job boards, executive search firms, campus recruitment drives, partnerships with educational institutions, third-party recruitment services, and in-person hiring events. The recruitment processes and job qualifications are transparent and openly communicated. We prohibit the collection of any form of deposit or the retention of employees' identification documents, ensuring that all employment is entirely voluntary.

Human Rights Management

We are committed to respecting internationally recognized human rights as outlined in the Universal Declaration of Human Rights, the principles detailed in the UN Global Compact's Ten Principles, the core labor standards set by the International Labour Organization (ILO) in its Declaration on Fundamental Principles and Rights at Work, and the "Protect, Respect, Remedy" framework established by the UN Guiding Principles on Business and Human Rights. Additionally, we comply with the Social Accountability Standard (SA8000) and all applicable laws and regulations in the countries and regions where we operate. We are dedicated to upholding the fundamental human rights of all employees and pledges never to infringe upon these rights. We have developed and continuously refine our human rights protection policies to cover all staff members. We maintain a zero-tolerance stance on discrimination and harassment, implementing comprehensive training programs focused on human rights. These programs include labor standards training for managers to ensure that no human rights violations occur during their management practices. Furthermore, we extend our commitment to human rights to our business partners, encouraging them to adopt similar standards and practices.

The Company strictly controls risks related to human rights violations, and establishes a dedicated and confidential reporting channel through the Group's direct line. This system ensures that any complaints or feedback are handled with strict confidentiality. If employees experience forced or involuntary labor, discrimination, or harassment, the Company will conduct internal investigations and take disciplinary action against any malicious exercise of managerial authority. In accordance with international human rights and labor standards, we have developed a corporate social responsibility (CSR) internal audit plan. We regularly carry out CSR audits to ensure that risks are effectively managed and controlled.

In 2024, the Company did not experience any confirmed reports of discrimination or human rights violations. All security personnel received training on social responsibility (SR) awareness and human rights protection, achieving a 100% participation rate.

Human Rights-Related Internal Policies (Partial List)

- Employee Handbook
- Management Regulations on Juvenile Workers, Student Workers, and Prohibition of Child Labor
- Management Standards for Preventing Harassment, Violence, Abuse, and Retaliation
- Anti-Discrimination Management Measures
- Management Measures for Collective Bargaining and Freedom of Association
- Management Standards for Prohibiting Forced Labor
- Labor Protection Management Standards for Female Employees and Persons with Disabilities

Excerpt from Management Standards for Prohibiting Forced Labor

- Ensure employees' personal freedom, guaranteeing that their employment and work are entirely voluntary.
- Prohibit all forms of forced labor, bonded labor, debt bondage, labor enforced through the threat of punishment, or any involuntary labor.
- Strictly forbid any department or individual from using violence, threats, or illegal restrictions on personal freedom to coerce employees into labor.

Excerpt from Management Regulations on Juvenile Workers, Student Workers, and Prohibition of Child Labor

During interviews, the Company personnel must rigorously inspect and verify identification documents such as ID cards. Only after confirming that the photos, age, and other details are genuine can candidates be registered and allowed to join the Company. Additionally, at least one internal identity verification and inspection must be conducted annually within the factory to eliminate any potential underage labor issues.

If it is discovered that child labor has been mistakenly employed, the Company must initiate a child labor rescue plan in accordance with local laws and regulations and take corresponding remedial actions:

- Immediately cease the child's work and inform relevant parties (including schools, government bodies, clients, suppliers, etc.).
- Provide a health examination; if any illness is detected, offer treatment to ensure their health has not been affected by the work.
- The Company will arrange transportation to escort the child back to school, home, or have them picked up by their guardian, who must sign a receipt of acknowledgment.
- The Company will cover necessary tuition fees and other miscellaneous expenses (such as book fees, study supplies, and basic living costs) for the child.
- Immediately cease the child's work and inform relevant parties (including schools, government bodies, clients, suppliers, etc.).
- Provide a health examination; if any illness is detected, offer treatment to ensure their health has not been affected by the work.
- The Company will arrange transportation to escort the child back to school, home, or have them picked up by their guardian, who must sign a receipt of acknowledgment.
- The Company will cover necessary tuition fees and other miscellaneous expenses (such as book fees, study supplies, and basic living costs) for the child.

The Company commits to strictly adhering to the Special Protection Regulations for Juvenile Workers and other applicable local laws and regulations when employing juvenile workers.

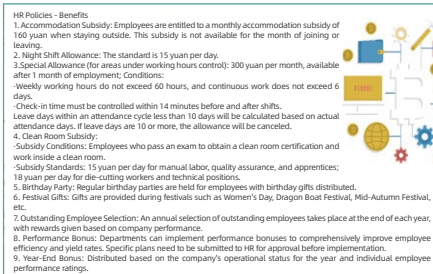
Excerpt from Management Standards for Preventing Harassment, Violence, Abuse, and Retaliation

- The Company is committed to maintaining a workplace free from harassment and abuse, ensuring that no employee is subjected to threats or harsh, inhumane treatment. This includes, but is not limited to, verbal abuse and harassment, psychological harassment, mental and physical coercion, and sexual harassment.
- Any incidents of harassment or abuse, once discovered, will be addressed according to our management system. Appropriate penalties and corrective actions will be taken against the involved parties and their corresponding supervisors. The Company will protect the confidentiality of those who report such incidents to prevent retaliation, ensuring that all employees are treated with respect and have the right to be respected.

Case

Training on Employee Rights Protection for New Hires

In 2024, the Company conducted comprehensive training sessions for new employees at all levels. These sessions integrated explanations of employee rights protection mechanisms within labor rights, career development opportunities, and channels for complaints and feedback. The training aimed to provide a thorough understanding of protection measures for juvenile workers, working hours requirements and limitations, compensation structure, holiday and sick leave policies, canteen and dormitory management regulations, job performance standards. By covering these topics, the training enhanced employees' awareness and understanding of their rights and obligations.



Employment of Persons with Disabilities

The Company has formulated the Labor Protection Management Standards for Female Employees and Persons with Disabilities, emphasizing that disabled employees should enjoy equal treatment with non-disabled employees in recruitment, employment, regularization, promotion, remuneration, living benefits, and other aspects. The Company launched the "Rainbow Plan," a multi-faceted integration project aimed at providing equal employment opportunities and practicing fair employment for disabled individuals. In 2023, the Company officially initiated the "Rainbow Plan" multi-faceted integration project. By November 2023, the Company had collaborated with Beijing Union University to open up employment channels specifically for disabled university students in the fields of IT and HR. As of the end of 2024, the program had successfully provided job placements for 477 disabled individuals.

The Voice of "Rainbow Plan"

- **IT Service Specialist:** As a person with hearing impairment, I work at LINGYI iTECH in an IT service role, dedicated to solving technical problems and providing stable office support for my colleagues. With the help of DingTalk, I can effectively understand customer needs, and communication within the workplace has become smoother thanks to the patience and assistance of my colleagues.
- **IT Development Engineer:** In the early stages of my career, I was worried about not being able to integrate into the team and fearing difficulties in communication. However, by using DingTalk and translation software, I have been able to communicate smoothly with the team and face work challenges together. Supported by my colleagues, I quickly adapted to this vibrant and warm working environment.
- **Designer:** I am a hearing-impaired designer who loves hand drawing. Since joining LINGYI iTECH, my colleagues have always given me patient guidance and selfless support. Their professionalism and enthusiasm have greatly helped improve my design skills. I hope my experience will encourage more people to join the "Rainbow Plan" multi-faceted integration project.

Operations Change Management

The Company is committed to fully protecting employee rights. When implementing significant operational changes that may greatly affect employees and their representatives, the Company informs all staff through announcements and briefings. It also ensures timely feedback and response to employee needs through various means including face-to-face communications, direct reporting channels, suggestion boxes, and surveys.

In the event that significant operational changes result in the inability to fulfill employment contracts, the Company will negotiate modifications to the contract terms with employees. Prior to implementing changes, relevant training is provided to employees covering specific details of the changes, new work processes, tool usage, and more, aiding employees in quickly adapting to new job requirements. Throughout the change process, the Company offers comprehensive support including technical and psychological assistance. If no agreement can be reached, the Company will lawfully terminate employment contracts and provide a detailed employee placement plan, offering services such as re-employment training and career counseling to facilitate a smooth transition for employees. Over the past three years, the Company has not experienced any major mergers or acquisitions that impacted the majority of employees.



Compensation and Benefits

According to the relevant laws and regulations of the country and the Company's location, the Company has established policies and measures to standardize employees' salaries and benefits. Adhering to the principles of equality and non-discrimination, we provide comprehensive social insurance and benefits to all employees. All employees who have signed formal employment contracts are enrolled in basic social insurance and commercial insurance as well as other benefits in accordance with national and regional policies.

Working Hours Policy

We have clearly defined and outlined our working hours and overtime policies in documents such as the Employee Handbook, Attendance Management Standards, and Management Standards for Prohibiting Forced Labor. These documents prohibit mandatory and excessive overtime, safeguarding employees' rights to voluntarily choose to work overtime without fear of retaliation. Furthermore, we ensure that all relevant regulations are communicated to every employee in their local language.

The Company requires factory supervisors to review and adjust production plans in advance and strictly adhere to the Company's overtime application regulations by submitting requests ahead of time. This is aimed at preventing last-minute overtime due to urgent order demands. In the event of any violations of working hour management rules, a report must be submitted to the relevant personnel and departments. After obtaining approval from the highest-level supervisor within the business unit, the issue should be reported to both clients and the SR Committee for their monitoring. Regular reports are then made to the management layer to ensure timely correction and improvement actions are taken.

In the event of overtime work, the Company will follow the requirements and regulations outlined in the Attendance Management Standards regarding overtime pay. Any work time extended beyond regular working hours will be considered as overtime, and employees will be compensated with the corresponding overtime pay.

Overtime Pay Rule

- **Workday Overtime:** The hourly overtime wage shall be no less than 150% of the regular hourly wage.
- **Rest Day Overtime:** The hourly overtime wage shall be no less than 200% of the regular hourly wage.
- **Statutory Holiday Overtime:** The hourly overtime wage shall be no less than 300% of the regular hourly wage.

Remuneration Policy

The standard salary of the Company's employees consists of several components: basic salary, position allowance, performance-based pay, and skill allowances. The basic salary is set according to the local minimum wage standards, and upon joining, employees are enrolled in social insurance as required by law, covering pension, medical, work-related injury, unemployment, and maternity insurance. To establish an effective management system, the Company has developed management rules such as the Salary Calculation Management Standards and the Performance Evaluation Management Standards, which apply to all employees. Performance evaluations are conducted through various methods tailored to job characteristics, including annual job responsibility reports, performance assessments, target management evaluations, and personnel reviews. Based on evaluation outcomes, corresponding salary adjustments and incentive policies are implemented to appropriately reflect business performance results in employee compensation, aiding employees in achieving their work objectives. Notably, business achievements and the completion status of various targets are directly linked to the performance, rewards, and penalties of senior executives.

Performance Evaluation Process

- **Self-assessment of Performance:** Employees review and summarize their annual work objectives and achievements, providing objective and accurate accounts supported by sufficient examples to illustrate their overall performance and accomplishments throughout the year.
- **Supervisor Rating:** Supervisors evaluate employees based on their contributions, considering factors such as task completion, work skills, adaptability, teamwork capability, and work attitude to determine a performance rating.
- **Performance Confirmation:** This step ensures that management aligns standards across the organization, allowing for fair comparison of performance levels horizontally across different teams and departments. It involves using unified evaluation criteria to make impartial judgments about employee contributions from an organizational perspective.
- **Performance Feedback Interview:** For employees who receive less-than-ideal performance ratings, it is mandatory to conduct a performance feedback interview and develop a performance improvement plan.

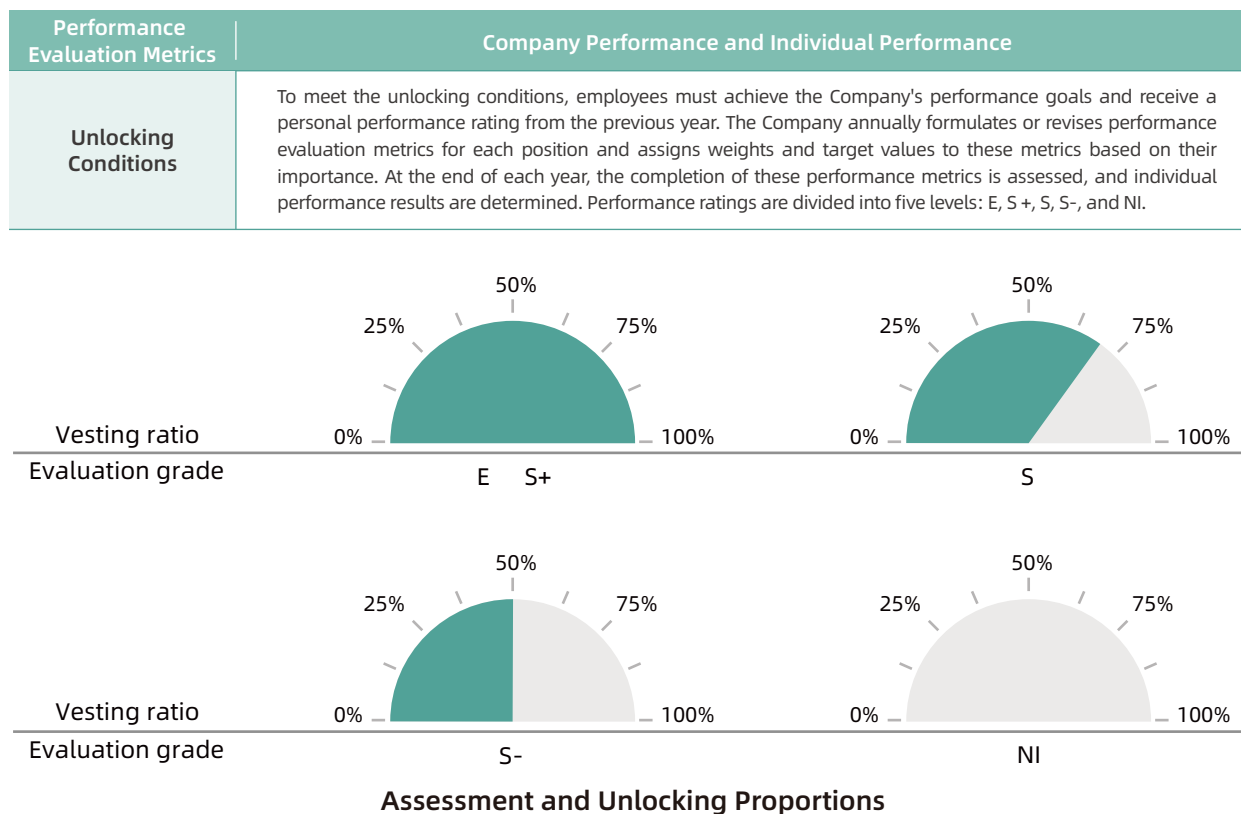
Supervisors are required to evaluate the effectiveness of the implemented improvement plans, maintain open communication with employees, and provide additional guidance as needed. If an employee shows significant performance improvement or fails to meet standards, supervisors should promptly acknowledge these changes. At the end of the improvement plan period, if the employee's performance meets the requirements of the improvement plan, the plan is considered complete. If the employee still does not meet the standards, the Company may either terminate the employment contract or reassign the employee to a more suitable position. Throughout the entire process of performance evaluation and feedback, we prioritize the protection of employee rights. Employees who have any dissatisfaction with the implementation process or content of the performance improvement plan are encouraged to file an appeal.

Equal Pay for Equal Work

The Company adheres to principles of equality and non-discrimination, ensuring equal pay for equal work. Salaries are determined solely based on different job functions and levels according to established rules, without influence from factors such as gender, physical or intellectual ability, race, age, nationality, beliefs, family situation, etc. This ensures that all employees' rights and benefits are equally respected and protected. Hiring, promotions, salary adjustments, and other decisions affecting employment terms and conditions are based solely on performance, without regard to race, color, gender, age, religion, national origin, disability status, sexual orientation, gender identity, marital status, veteran status, or any other legally protected characteristics. As of the end of 2024, in mainland China, women account for 20.78% of middle and upper management positions (at manager level and above). The overall salary ratio between male and female employees is 1:0.85.

Employee Stock Ownership

We have established long-term stock incentive schemes and employee stock ownership plans. Since 2018, the Company has implemented several employee incentive programs aimed at sharing the returns from business growth with our employees. In 2024, the Company launched its second employee stock ownership plan.



Employee Benefits

The Company's welfare policy covers all employees and includes a variety of benefits and allowances designed to support various aspects of employees' lives. These benefits include housing subsidy, communication subsidy, meal subsidy, work environment subsidy, professional title subsidy. In addition to these subsidies, the Company offers flexible working hours and provides paid sick leave that exceeds statutory standards. Some employees may also receive additional commercial insurance coverage. To further enhance employees' quality of life, the Company offers conveniences in areas such as housing, residency registration (household registration), and child-rearing. Specifically, each employee is entitled to one fully paid sick day per quarter. Employees who have worked with the Company for three years or have a total social work tenure of ten years are eligible for ten days of annual leave.

Standard Salary Components	Work Allowances and Bonuses	Work Subsidies	Bonuses	Statutory Welfare
Basic Salary	Overtime Allowance	Heat Subsidy	Year-End Bonus	Five Insurances and One Fund Statutory Holidays
Position Allowance	Night Shift Allowance	Meal Subsidy	Project Bonus	
Performance-Based Pay	Perfect Attendance Bonus	Transportation Subsidy	Referral Bonus	
Skill Allowance	Performance Bonus	Travel Subsidy Health Checkup Subsidy	Retention Bonus	

In 2024, the Company provided additional benefits to employees beyond what is legally required, including 1,317,616 hours of annual leave, 990,720 hours of fully paid sick leave, and 105,396 hours of actual parenting leave taken.

Maternity Leave (Paternity Leave)	Female Employees	Male Employees	Total
Number of Employees Who Took Maternity /Paternity Leave	557	853	1,410
Number of Employees Expected to Return After Maternity /Paternity Leave	507	805	1,312
Number of Employees Who Actually Returned to Work After Maternity /Paternity Leave During the Reporting Period	445	768	1,213

Reward and Punishment Regulations

To promptly encourage employees' contributions and positive behaviors, as well as to correct any mistakes, the Company has established a reward and punishment mechanism that applies to all employees equally. This ensures fair treatment and recognition of everyone's efforts. The Company has set up various awards and reward methods for outstanding employees to boost morale and motivation.

Employee Care

Employees are always the Company's most valuable asset. We care about their physical and mental well-being, regularly organizing team-building activities and health seminars to encourage a balance between work and life. We uphold the legal rights and interests of female employees and provide targeted assistance to employee families in need, fostering a warm and supportive work environment.

● Labor Protection for Female Employees

The Company strictly adheres to the Special Provisions on Labor Protection for Female Employees and other relevant laws in the locations where we operate. We have established the Labor Protection Management Standards for Female Employees and Persons with Disabilities to uphold the legal rights and interests of female employees. This includes reducing and addressing difficulties caused by their physiological characteristics at work, ensuring their health, and protecting female employees during pregnancy, maternity, and breastfeeding periods. We are committed to maintaining equal rights for all female employees.

Excerpt from the Labor Protection Management Standards for Female Employees and Persons with Disabilities

- **Pregnant Employees:** Wages should be paid during prenatal checkup leave. Employees should not be assigned to work in positions that involve toxic or harmful substances. After reaching 7 months of pregnancy, employees should not be scheduled for overtime or night shifts.
- **Maternity Employees:** The maternity leave duration includes 98 days of paid leave and additional reward leave (the duration of the reward leave is determined by local policies).
- **Nursing Period:** During the nursing period, before the child reaches 1 year old, employees are entitled to 1 hour of nursing leave per day (for each additional infant being breastfed, an extra hour is added daily). During this period, employees should not be scheduled for overtime, night shifts, or work in positions involving toxic or harmful substances.

For any responsible persons and direct personnel who violate the regulations and infringe upon the labor protection rights of female employees, the Company's supervisory department should impose administrative penalties based on the severity of the violation. The Company must also provide reasonable economic compensation. If the violation constitutes a crime, criminal responsibility will be pursued by judicial authorities.

● Support for Employees in Difficulty

The Company cares about every employee's work and life. To effectively assist employees in need, we provide targeted support measures based on specific difficulties, such as financial hardship, serious illness, or children's education issues, to alleviate their urgent needs and concerns. In 2024, the Company assisted 56 employees in mainland China, with a total assistance investment of 61,000 yuan.

● Employee Care Activities

The Company organized a variety of themed activities for all employees, providing warm benefits and engaging interactive sessions to relieve work stress and enhance job happiness.

In 2024, the Company hosted over 300 employee care events, achieving a satisfaction score exceeding 90. These events included fun sports meets, e-sports competitions, and employee birthday parties, with a total participation of 30,000 attendees, covering 80% of employees. Additionally, the Company conducted 10 health lectures and mental health training courses, benefiting 2,000 employees. Special holiday activities, such as distributing Dragon Boat Festival zongzi gift boxes and Mid-Autumn Festival mooncakes, amounted to a total of 60,000 welfare items distributed.

Special Events



Case

"Psychological Energy Recharge" Series Courses

The "Psychological Energy Recharge" series of courses are meticulously designed and led by a team of instructors from the Company's HR department who have professional certification in psychological counseling. The course content focuses on themes such as emotional management, self-awareness, and family relationships. Through case studies, interactive discussions, and practical tools, the courses help employees translate theoretical knowledge into practical application, enabling them to better cope with various challenges in both their professional and personal lives. The project includes a total of 6 courses, with cumulative participation exceeding 1,500 attendees.



Case

Mental Health Mini-Classroom

To further promote mental health awareness, the Company launched a series of 4 mental health mini-classroom videos. The content covered topics such as how to alleviate psychological distress, improve sleep quality, and ensure healthy eating habits. These videos were distributed to all employees via the Company's cultural communication channels and were also incorporated into the new employee training curriculum. The cumulative number of views exceeded 58,000.

I Democratic Management

We encourage every employee to actively participate in the Company's decision-making process. This is achieved through regular and ad-hoc communication and dialogue, as well as conducting employee satisfaction surveys to ensure that employees' voices are heard and their opinions are valued. Each employee has the opportunity to directly share their ideas and suggestions with management, fostering a work environment characterized by trust and collaboration.

● Collective Bargaining and Freedom of Association

We have established the Management Standards for Collective Bargaining and Free Association, the Employee Representative Communication Management Standards, and the Labor Union Management Standards to safeguard employees' rights to collective bargaining and free association. Employees have the legal right to organize groups, participate in such groups, and become members of these groups. Employees can express their concerns about Company practices to management, elect employee representatives within their organizations to inspect working conditions, engage in dialogue with management, and hold other activities that do not interfere with Company operations.

In the Management Standards for Collective Bargaining and Free Association, the Company clearly stipulates that it recognizes and respects employees' rights to form groups for negotiation. Both parties agree to conduct equal negotiations on matters affecting employees' interests, such as labor contracts, wage adjustments, insurance benefits, occupational safety and health, and special protections for female workers, based on mutual respect and friendly cooperation. The Company respects employees' rights to establish and join organizations of their choice and cannot interfere with these rights. Employees are guaranteed the ability to exercise their rights to associate without violence, pressure, intimidation, or threats.

In 2024, the Company organized 124 events including employee forums, exchange meetings, and birthday celebrations, achieving 100% coverage of employees through collective bargaining agreements.

● Employee Satisfaction Survey

The Company conducts biannual satisfaction surveys for all frontline (DL) employees using DingTalk questionnaires. These surveys cover multiple dimensions, including work environment, benefits and compensation, career development, leadership and management. Through data analysis, the Company identifies areas where employee satisfaction is low and develops targeted improvement plans to address these issues. Monthly progress tracking ensures that improvements are implemented effectively and that key problems are resolved.

In the second quarter of 2024, the Company conducted a scheduled satisfaction survey for all DL employees. The survey identified lower scores in several areas, including employee performance evaluations, work resources, work environment, compensation. To address these issues, the Company organized over 30 improvement initiatives, which included performance system reform, workshop environment upgrades, improvements to cafeteria and dormitory conditions, salary adjustments, peak period incentives. By the fourth quarter, follow-up surveys indicated significant improvements in work environment, work resources, relationship with supervisors, employee evaluations. Overall employee satisfaction increased by 5%.

I Occupational Health and Safety

The Company strictly adheres to the Occupational Safety and Health Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and other relevant laws and regulations, as well as the Requirements for Occupational Health and Safety Management Systems. We have established health and safety policies, set health and safety objectives, and defined health and safety standards to provide specific guidelines for the safety and health of our employees. Our commitment is to ensure that all production and business activities comply with occupational health and safety requirements.

Occupational Health and Safety Management Objectives

- Zero Fires
- Zero Serious Injuries
- Zero Fatalities
- Zero Occupational Diseases

■ In 2024

- The amount invested in safety production: RMB 97.3251 million
- The number of labor protection supplies distributed: 379,589 sets
- Lost Time Injury Frequency Rate (LTIFR): 0.81

● Occupational Health and Safety Management

The Company has established several safety production regulations, including the Occupational Health Management Procedures, the Preventive Predictive Maintenance Procedures for Equipment, the Incident Reporting, Investigation, and Handling Management Procedures, the Labor Protection Supplies Management Procedures, the Work-Related Injury Management Procedures, the Fire Safety Management Procedures. These regulations cover aspects such as the safety management structure and rules of procedure, emergency response plans, assessment methods, and accountability measures. They aim to strengthen safety management goals at all levels, ensuring that production and business operations are institutionalized, proceduralized, and standardized. The Company's Environmental, Health, and Safety (EHS) department is responsible for the unified management of environmental protection, health, and occupational safety across the entire group. The EHS department establishes and implements an EHS management and supervision system applicable to all employees. This ensures the safety of employees' production activities and their occupational health. The department continuously incorporates environmental protection, safety production, occupational health, fire safety, and other areas into the Company's EHS regulatory scope.

● Occupational Health and Safety Risk Assessment

In accordance with relevant regulations and the requirements of the ISO 45001 Occupational Health and Safety Management System, the Company has developed the Hazard Identification, Evaluation, and Control Procedures. This procedure implements a comprehensive hazard and risk identification plan to assess activities and projects throughout the entire operational process. The goal is to ensure that occupational health and safety hazards in the Company's production and business operations are effectively identified and evaluated. The identification process covers six types of health and safety factors, including physical hazards, chemical hazards, biological hazards, psychological and physiological hazards, behavioral hazards and other hazards. Corrective actions are implemented, and necessary response measures are tracked to address identified risks. When new business or projects are introduced, or when changes occur in products, services, materials, processes, or equipment, the relevant departments must re-identify and evaluate significant occupational health and safety factors, primary risks, and opportunities according to established procedures.

● Equipment Safety Protection System

The Company has developed the Ergonomic Risk Identification and Management Procedures. When purchasing machinery and equipment, the procurement department seeks qualified suppliers to ensure the acquisition of certified products. All equipment, tools, and workstations undergo ergonomic assessments before being put into use. Typically, every quarter, the EHS (Environmental, Health, and Safety) and Equipment departments conduct identification and evaluation based on different positions, types of work, work frequency, and number of employees for each subsidiary. Occupational health risks are categorized into three levels, with corresponding mitigation measures for each level. The personnel fill out ergonomic assessment forms, and every quarter, they revisit the sites to verify and evaluate the improvement effects.

The Company has built a "Technology + Management + Personnel" multi-level protection system around equipment safety. This includes comprehensively upgrading the intrinsic safety capabilities of equipment, deploying an EHS intelligent management platform to achieve real-time risk perception and automatic warnings, establishing a group-level emergency response center to provide emergency resource support, technical assistance, and standardized response procedures at the group level, promoting overall safety awareness among all employees. This ensures that production equipment meets safety standards during operation and maintenance to prevent personnel injuries, equipment damage, and production interruptions. In 2024, the Company completed safety reinforcement for six types of core equipment (approximately 1,670 units) and implemented safety improvement plans for 126 types of critical equipment.

Occupational Disease Prevention Management

The Company mandates that all employees undergo a health examination before starting their employment and organizes annual health check-ups for all staff. For employees in special occupations (such as those involving prolonged exposure to dust, loud noise, or chemicals), more stringent occupational health examinations are arranged. These include pre-employment, on-the-job, and departure-specific occupational disease screenings to ensure timely detection and prevention of occupational diseases. The Company establishes employee health records and conducts long-term tracking of examination results, developing personalized health management plans for any abnormalities. Regular occupational health and safety training is conducted to enhance employees' self-protection awareness, ensuring that each employee acquires knowledge about occupational disease prevention and emergency response skills.

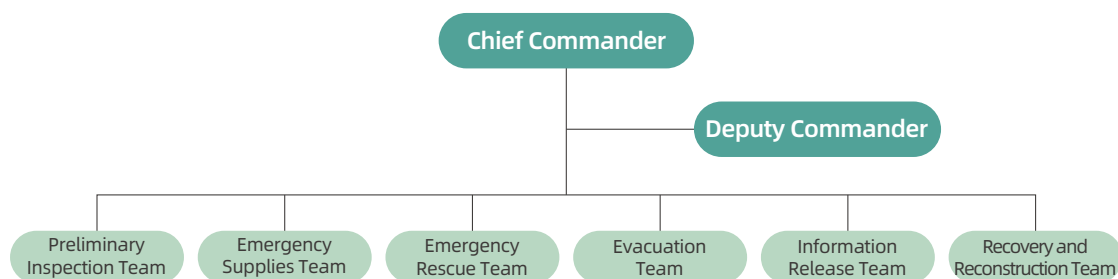
In occupational disease prevention, the Company adopts a combined strategy of source control, process management, and personal protection. For environments with dust exposure, the Company installs efficient dust removal systems and employs wet operations and enclosed processes to reduce dust exposure. In high-noise workplaces, equipment layouts are optimized, noise-reducing materials are used, and professional earplugs or noise-canceling earmuffs are provided to employees. To address harmful gases, the Company equips high-efficiency ventilation systems and gas detection alarms to ensure air quality standards are met. Additionally, the Company strictly enforces chemical safety management regulations and provides employees with protective gear such as masks and gloves that meet national standards.

Occupational Health and Safety Inspection

The Company has established the EHS Patrol Management Procedures to conduct regular inspections, mobile patrols, and special inspections. The inspection contents include but are not limited to environmental emission checks, chemical safety checks, electrical safety checks, cafeteria safety checks, fire safety checks, personal protective equipment (PPE) checks, and electrical equipment safety. These inspections cover various environmental and occupational health and safety projects. For the findings from these inspections, responsible departments are required to make improvements within a specified timeframe, and follow-up tracking is conducted to ensure that corrective actions are effectively implemented.

Emergency Accident Management

The Company has established several health and safety procedures, including the Incident Reporting, Investigation, and Handling Management Procedures, Emergency Preparedness and Response Management Procedures, Work-Related Injury Management Procedures, High Temperature Emergency Operation Guidelines, Natural Disaster Emergency Operation Guidelines, and Public Health Emergency Operation Guidelines. These procedures provide corresponding handling plans for incidents of varying severity occurring at work sites. In the event of a work-related injury, illness, or near miss, on-site personnel must immediately notify the site supervisor and EHS personnel. Upon receiving an incident report, the site supervisor and the department manager where the incident occurred should promptly investigate the event based on its nature and severity, analyze the root cause, develop a corrective action plan, and follow through with the resolution until the matter is closed. Relevant responsible departments are expected to learn from the incident, implement corrective and preventive measures, and enhance awareness to prevent recurrence of such events.



Emergency Organization Structure for Safety Production Accidents in Subsidiaries

Chief Commander	Responsible for organizing and commanding the entire plant's emergency rescue operations.
Deputy Commander	Assist the Chief Commander in the specific command and coordination of emergency rescue efforts.
Preliminary Inspection Team	Organize regular inspections to promptly identify and eliminate safety hazards, thereby reducing and preventing production safety incidents, injuries to Company personnel, and property damage.
Emergency Supplies Team	Maintain a stock of necessary rescue supplies on a daily basis. These include fire extinguishers, safety ropes, explosion-proof flashlights, first aid kits, refrigerators for medical supplies, heat-insulating firefighting suits, self-rescue respirators for fire protection, and rescue batons.
Emergency Rescue Team	Rescue injured individuals from the accident scene and provide emergency first aid before medical personnel arrive. This team is also responsible for making emergency calls to request additional assistance as needed.
Evacuation Team	Immediately evacuate personnel and materials in the event of an accident.
Information Release Team	Manage the release of information regarding safety incidents. Internal notifications are handled by the EHS department, while external communications about emergencies and progress updates are managed by a spokesperson from the General Manager's Office.
Recovery and Reconstruction Team	After the termination of the emergency response and once the cause of the accident has been thoroughly investigated, this team is responsible for restoring the site and coordinating with relevant departments to develop a plan for resuming production.

The Company complies with fire safety laws and regulations in the countries and regions where it operates and has established the Fire Safety Management Procedures to enhance its fire safety management standards. It actively conducts training for employees on fire safety awareness, self-rescue capabilities, and the proper use of fire equipment. The Company carries out fire drills covering all employees every six months to ensure everyone is well-prepared and familiar with emergency procedures, thereby strengthening control over fire safety from the source.

Case

Successful Fire Drill at LINGYI iTECH's Suzhou CNC Plant

On May 13, 2024, the Suzhou CNC plant of LINGYI iTECH successfully conducted a fire drill to enhance employees' emergency response capabilities and safety awareness. The exercise covered simulated fire scenarios, emergency evacuations, and firefighting operations, ensuring that employees are familiar with the use of fire equipment and emergency procedures. During the drill, employees practiced using fire extinguishers in real-life scenarios, learning the correct methods and enhancing their ability to handle fires effectively. This activity not only reinforced safety awareness but also improved self-rescue and mutual rescue skills, laying a solid foundation for safeguarding the plant and protecting the lives of employees.

Case

LINGYI iTECH's "Universal Fire Safety, Life First" Fire Safety Month

In order to enhance employees' awareness of fire safety and implement the Fire Safety Month theme of Universal Fire Safety, Life First, further improving the Company's fire prevention and emergency response capabilities, each plant of LINGYI iTECH carried out a series of activities according to the Company's Fire Safety Month program. These activities include fire safety promotion, training, competitions, drills, and hazard inspections.



 Case

LINGYI iTECH's 2024 "Safety Production Month" Activities

During the 2024 "Safety Production Month," LINGYI iTECH's various plants, including Suzhou CNC, Suzhou TM & Heat Dissipation, Guilin & Guigang Salcomp, Shenzhen Salcomp, and Jiangmen Magnetic Materials, actively organized a series of safety production activities. The events included fire drills, safety thematic training, lottery events, interactive games. These activities effectively enhanced employees' safety awareness and their ability to respond in emergency situations.

Occupational Health and Safety Improvement

The Company implements the EHS Corrective and Preventive Action Control Procedures to address existing or potential issues within its environmental and occupational health and safety management system. It takes effective corrective and preventive measures and communicates the improvement results with relevant employees and employee representatives. Furthermore, the Company leverages occupational health and safety policies, objectives, audit outcomes, data analysis, corrective and preventive actions, and management reviews to identify opportunities for improvement. This continuous improvement process ensures the suitability, adequacy, and effectiveness of the occupational health and safety management system, aiming to prevent accidents from occurring.

Occupational Health and Safety Management Certification

The Company encourages all its bases and subsidiaries to advance the certification process for occupational health and safety management systems. In 2020, the Company successfully upgraded its certification from OHSAS 18001 to ISO 45001. By the end of 2024, 33 production entities under LINGYI iTECH have obtained ISO 45001 certification for their occupational health and safety management systems and have completed their annual effectiveness reviews.



Promoting Employee Growth

LINGYI I TECH places great emphasis on employee career planning, adhering to a philosophy of valuing both ability and integrity, with a priority on integrity. The Company continuously improves and deepens its talent development mechanisms, establishing a comprehensive employee training and development system. This approach helps maintain healthy staff turnover and creates a workplace environment that offers broad development opportunities.

Talent Retention

The Company places significant emphasis on employee retention management and continuously implements talent retention programs. We regularly monitor and provide feedback on employee turnover, analyzing and summarizing the reasons for employee departures. This process offers valuable insights and recommendations for future employee development and retention efforts.

Employee Retention Measures

- Develop competitive salary and benefits packages, including incentive bonuses tailored to the characteristics of each position.
- Identify high-potential and key talents and provide appropriate support during promotions and other career development stages.
- Conduct periodic employee exchange meetings and forums.
- Organize exit interviews with departing employees.
- Implement various leadership enhancement projects aimed at improving management skills at all levels.
- Introduce ESOPs to increase retention rates among key personnel.
- Incorporate key talent retention rates into performance evaluation metrics.
- Monitor monthly employee turnover rates; if the turnover rate exceeds control limits, develop and implement targeted improvement measures.

In 2024, among the employees who left the Company in mainland China, 69.20% were male employees and 30.80% were female employees. The average tenure of employees in mainland China with the Company is 2.82 years.

Career Development

We place great importance on the growth and leadership development of each employee within the Company, aiming to be a platform that supports professional development. We have established clear and diversified promotion pathways, along with a robust and scientific promotion system. We have formulated and continuously updated the Job Management Standards and the Professional Qualification Certification Management Standards to clearly define the development opportunities and qualification requirements for each position. This ensures standardized management of positions, job grades, titles, and promotions. Our system delineates clear processes for operational channels, professional channels, and managerial level advancements. The scope of these regulations covers all departments and subsidiaries within the Company.

Operational Channel Promotion	• Promotion Rules: Applicable to all employees within the operational channel across the Company, including but not limited to operators, basic inspection roles, technicians, frontline management positions, production support roles, and functional support roles. Employees who meet the experience, qualifications, performance, and rewards/punishments criteria outlined in the job qualification standards are eligible for promotion. For key positions reported by each Business Group (BG), employees must also meet the corresponding skill level requirements in terms of technology and capabilities. • Promotion Time: Promotions are flexibly arranged based on business needs within the human resources budget framework. Centralized promotions occur no more than twice a year.
Professional Channel Promotion	• Promotion Rules: Employees meeting the conditions for promotion—such as performance, professional experience, tenure at their current grade, and contributions—are nominated by their supervisors. After review by the Group or Business Group (Department) Human Resources Department, candidates proceed to a capability certification meeting. During this meeting, employees present evidence of their contributions, knowledge, skills, and work behaviors through a PPT presentation, followed by a Q&A session. A professional committee evaluates and scores the candidates using the "Professional Qualification Grade Certification Evaluation Form," and collectively discusses the final results to form an evaluation opinion. • Promotion Time: Promotions are organized once a year, with a fixed promotion window opening in the second quarter of each year. A special promotion window is also opened in the fourth quarter.

Managerial Level Promotion

- **Promotion Rules:** Priority is given to internal promotions and selecting the best candidates from the succession pool. Nominations are strictly reviewed based on performance, team leadership experience, relevant position experience, and disciplinary records. Candidates undergo interviews and evaluations, such as offline research and assessments, and upon successful completion, they are promoted. A probationary period is established post-promotion, during which ongoing assessments are conducted.

The Company places a high priority on talent reserves and incentives. In March 2024, it initiated the annual talent review process for 2024. This involved identifying key positions by analyzing critical business areas and essential processes, and pinpointing key talents based on their potential and performance. A database of key talents was established, enabling the formulation of differentiated development and training policies tailored to these individuals. Additionally, the Company conducts biannual reviews specifically aimed at identifying potential successors for managerial roles, creating a resource pool of backup cadres. This initiative includes establishing a special promotion pathway for reserve cadres and providing support through stock option incentives, performance bonuses, employee benefits, and development opportunities. The Company continuously rolls out a series of leadership courses aimed at systematically nurturing leadership skills. These efforts are designed to enhance organizational resilience, ensure orderly implementation of the Company's talent strategy, and promote sustained development.

Leadership Development Programs

With the development of business and strategic upgrades, the Company has introduced Leadership Model 2.0 based on Leadership Model 1.0. This new model sets higher standards and clearer requirements for role definitions, core responsibilities, and leadership capabilities at different management levels. To address competency gaps among current managers and potential successors, a series of accelerated leadership development programs were launched in 2024, enhancing the strategic planning abilities of the management team and providing strong support for achieving organizational performance goals.

- **Strategic Workshop Empowerment:** To enhance strategic planning and execution capabilities, the Company developed a comprehensive curriculum and toolkit for strategic workshops targeting senior managers. Five strategic planning empowerment sessions were organized, covering over 250 directors, supervisors and senior executives, resulting in the formulation of strategies and key initiatives for each business unit and functional department for 2024.
- **Gold Interviewer Training Program:** To improve the interviewing skills of managerial-level staff, the Company initiated the Gold Interviewer Training Program. By the end of 2024, more than 30 training sessions had been conducted, involving 825 participants. This initiative significantly enhanced the Company's recruitment interview capabilities, helping business departments to hire high-quality talent that better aligns with business needs.
- **Performance Review Empowerment Project:** To enhance the professional capabilities of the management team in performance management, the Company implemented a performance review empowerment project for managers and above. The training focused on specific requirements for performance feedback and practical techniques during the feedback process. It covered 27 units within the Company, with 33 sessions held and a total of 1,437 participants.
- **East China Manager Training Program:** To help newly appointed managers transition from technical experts to managerial roles, the East China region launched the "Lingyue Plan," a special training camp for operational managers (deputy managers/managers). Based on participant surveys and career personality tests, four modules and five customized courses were designed, engaging 72 new managers.
- **Green Orange Program:** Initiated in 2023, the "Green Orange Program" aims to cultivate high-potential young talents and build a talent pipeline. After one year of on-the-job training, the second phase was launched in 2024, featuring mentorship, quarterly tracking, and specialized external training. Outstanding participants were selected to join the Company's talent pool, with some already promoted by the end of 2024.
- **Team Leader Development Specialization (Tianlong Babu):** To enhance the management skills of frontline team leaders, the Company launched the "Tianlong Babu Team Leader Development Specialization." Eight courses tailored to real-world management scenarios were co-developed with course design experts and exemplary team leaders. Over 1,000 training sessions have been conducted in 2024, reaching 3,263 team leaders across the group.
- **Reserve Team Leader Development Program (Morning Star Plan):** To strengthen the construction of frontline management talent and improve mechanisms for identifying, cultivating, and developing workshop team leaders, seven units including Pinghu Die-cutting and Huangjiang Stamping conducted a three-month reserve team leader boot camp. The program combined offline lectures, online training, practical exercises, and improvement projects, involving 447 participants and delivering 120 training sessions.

I Talent Cultivation

The Company places a high emphasis on employee career development and is committed to building a strategic human resource management system centered around competency and qualities. Aligned with the Company's strategy and objectives, we have established a comprehensive training system that covers new employee onboarding, job-specific training, and ongoing professional development. In 2024, the updated LINGYI ITECH Management Standards clarified various training-related management systems, including onboarding training, job-specific training, continuous on-the-job training, external training guidelines, and internal trainer management policies. The Company encourages employees to pursue further education while employed and has developed multi-level, comprehensive training and development plans. These training programs cover all employees, contractors, and dispatched workers, aiming to enhance their overall competencies and skills.

In 2024, the Company invested a total of RMB 87,607,300 in training in mainland China, with 92,843 participants engaging in both online and offline training sessions, accumulating a total of 4,507,377 training hours, achieving a training coverage rate of 98.32%.



Case

LINGYI ITECH T-Series - Communication Skills Enhancement Project

In today's rapidly evolving business environment, while professional skills are crucial for technical talents, communication abilities are equally indispensable. In 2024, the Company launched the "T-Series - Communication Skills Enhancement Project" to systematically improve the communication skills of its technical talents through a series of training courses, thereby promoting the overall development of employees. The project selected 50 professional trainers, conducted 102 training sessions, and involved 828 participants from 25 units.



Case

LINGYI ITECH Stamping BG - Strong T Program

For high-potential technical talents, the Stamping Business Group (BG) at LINGYI ITECH implemented a three-month Strong T Program - a specialized development project aimed at enhancing the comprehensive capabilities of technical talents through systematic training. The program focused on four core modules: corporate culture cultivation, quality awareness reinforcement, professional theory learning, and team management skills enhancement, covering a total of 12 courses. It emphasized the integration of theory and practice by providing one-on-one mentorship from professional trainers, organizing visits to benchmark production lines, and conducting case reviews to broaden participants' perspectives. A total of 61 employees participated in this program.



Case

LINGYI ITECH Future Stars Project

The "Future Stars" project is a significant talent development initiative aimed at new graduate management trainees. This program offers a full-cycle development and training plan designed to help these trainees transition from students to professionals through systematic and specialized development programs. The goal is to cultivate high-potential talents who align with the Company culture and possess strong professional capabilities, enabling them to quickly grow into key pillars supporting the Company's development.

In 2024, the Company welcomed over 300 new graduates, organizing seven training camps across five cities: Dongguan, Shenzhen, Dongtai, Guilin, and Chengdu. These camps provided two weeks of intensive training. Following the initial training, a 30-month on-the-job development and tracking program was initiated. Specifically tailored for management trainees, the program includes 17 courses designed to help future leaders integrate into the Company, smoothly transition their roles, and rapidly adapt to their positions.



Case

LINGYI ITECH Business Talent Development Project

For sales, project management (PM), engineering project management (EPM), quality project management (QPM), and product development (PD) roles, the Company introduced the "Business Talent Development Project." This initiative began with employee surveys and talent assessments, followed by inviting experts from these positions to collaboratively identify key challenging scenarios. Based on these critical challenges, tailored learning plans were developed to address the core pain points. The project designed a total of 26 courses, with 560 participants engaging in the training. The cumulative learning duration reached 3,629 hours.

Online Learning Platform

In recent years, the Company has continuously optimized its online training platforms, "Lingyi School" and "Cloud Classroom," to provide employees with flexible learning paths and a rich array of course resources. These platforms support various learning scenarios, including offline lectures, online training, mentorship programs, live broadcasts, and gamified learning modules.

In 2024, Lingyi School added over 1,900 new courses, bringing the total number of accumulated courses to more than 6,600. Throughout the year, the Company's employees spent over 50,000 hours on online learning, contributing significantly to the development of a learning-oriented organization.



Internal Trainer Development

Internal trainers, as self-cultivated training talents within the Company, are crucial drivers for knowledge transfer and skill enhancement, and they play a key role in promoting corporate culture and strategy. The Company consistently emphasizes the development of internal trainers by offering incentives for course delivery and development. In 2024, the Company raised the standards for course development incentives and opened up opportunities for non-trainers to develop course materials, encouraging both trainers and employees to participate in course development. This initiative effectively increased the quantity and quality of courses. Through a series of Teacher's Day activities themed "Empowering Ourselves, Pursuing Excellence Together," the Company selected outstanding trainers. Additionally, the Company conducts annual reviews of its pool of trainers, demoting or revoking the qualifications of those who do not meet the current year's trainer standards.

The Company periodically organizes Train-the-Trainer (TTT) empowerment training sessions, focusing on four main areas: "One, Two, Three, Four" teaching methods, the four major styles of trainers, questioning and feedback techniques, and classroom management. These sessions include on-site practice to ensure participants can learn, practice, and apply their skills immediately, thereby enhancing overall training effectiveness.

In 2024, a total of 298 employees in mainland China participated in TTT training, with 250 being certified as trainers. To date, the Company has certified a cumulative total of 502 active trainers.

Teacher's Day Events





On-the-Job Academic Qualifications and Professional Certification Enhancement

The Company has updated and integrated the Employee Education Assistance Management Standards and the Key Talent Management Measures, releasing the new LINGYI iTECH Key Talent and Education Assistance Management Standards, applicable to LINGYI iTECH and its subsidiaries. These standards provide support for continuing education for all types of employees. Depending on the situation, the Company collaborates with external educational institutions to offer classes for employees to pursue further academic qualifications and enhance their professional skills. It provides scholarships to help employees complete their studies and supports them in obtaining certifications by reimbursing training fees for all recognized employees. By the end of 2024, the Company had reimbursed tuition fees for four employees, totaling RMB 7,127.5.

In 2024, the East China region organized a corporate skills certification project for machine operation technical positions, including multi-process CNC machine adjusters and mechanical equipment installers. Fifty-nine employees participated in this program, with all participants successfully passing the relevant vocational skill certification.

Inviting External Trainers and Participating in External Training

Based on our External Training Management Standards, we support employees in participating in external training courses. Adhering to the principles of fairness, equity, and transparency, all employees are encouraged to apply by stating their reasons and personal strengths, allowing them to compete for these opportunities. Additionally, the Company periodically invites external professional organizations to send experts or instructors to conduct training sessions within the Company as needed.

In 2024, we invited external professional institutions such as Shenzhen Zhangchi Management Consulting Co., Ltd. to deliver a total of 41 Six Sigma Training sessions, with 60 participants. Among them, 32 participants successfully passed the project defense and obtained the Six Sigma Black Belt certification.

06

Mission-Driven, Giving Back to Society

LINGYI iTECH views social responsibility as a core part of the corporate mission, fostering close ties and active engagement with communities. Firmly dedicated to philanthropy, the Company invests in rural revitalization, supports vulnerable populations, and champions biodiversity conservation, thereby solidifying the role as a responsible corporate citizen.

Responding to the SDGs



Our Actions

- Organizing public welfare/volunteer activities.
- Implementing multi-dimensional strategies to minimize adverse effects on biodiversity and ecosystems from our business operations.

Public Welfare and Charity

In the active practice of corporate social responsibility, LINGYI iTECH focuses on rural revitalization, education, healthcare, and environmental protection. The Company continuously invests resources to support sustainable social development. The total investment in public welfare is RMB 5.732 million.

Case

LINGYI iTECH Made a Heartfelt Donation to Dayi County Special Education School

On May 29, 2024, just before International Children's Day, Lingyi Chengdu made a heartfelt donation of insulated cups and summer cool cups to Dayi County Special Education School. This gesture underscored their commitment to supporting the education of children with special needs. The donation not only provided much-needed supplies to the school but also lifted spirits, helping the kids feel the warmth and care of the community.



Case

LINGYI iTECH Made a Donation to China University of Mining and Technology

In December 2024, LINGYI iTECH made a generous donation of RMB 2 million to China University of Mining and Technology. The funds will be dedicated to several areas, including project support, personnel expenses, scholarships, student grants, and collaborative public welfare initiatives. Beyond the financial contribution, both parties have agreed to collaborate on future projects centered around new energy vehicles, energy storage solutions, and consumer electronics. This partnership is designed to foster innovation and better serve the needs of economic and social development.

Biodiversity Conservation

LINGYI iTECH places great emphasis on ecological protection and biodiversity conservation, actively implementing sustainable development principles. By strictly avoiding any locations near national nature reserves when selecting sites for its operations, the Company ensures that the activities do not pose any potential threat to the ecological environment and biodiversity of these protected areas from the very beginning. In the preliminary stage of campus construction, the Company conducts environmental impact assessments in strict accordance with regional laws and regulations, evaluating the potential adverse effects and risks its activities may have on flora, fauna, and the ecosystem. For identified issues, feasible improvement measures are devised to minimize or eliminate negative environmental impacts. Throughout daily operations, the Company adheres to sustainable development guidelines, focusing on reducing waste, wastewater, and air pollutant emissions. In terms of resource utilization, the Company actively explores opportunities for waste recycling and strives to reduce water consumption while improving water efficiency. Through these comprehensive efforts, we aim to lessen the impact of business operations on biodiversity and ecosystems, contributing to environmental and biodiversity preservation.

Soil and Groundwater Management	
Identification	Identify equipment and facilities that could potentially cause soil and groundwater contamination, including their location, size, material, and potential pollution pathways during construction, operation, and post-service phases.
Prevention	- Implement control measures for processes, pipelines, equipment, and wastewater storage and treatment structures to prevent leaks and spills of pollutants. - Conduct critical anti-seepage work at locations storing hazardous substances, such as wastewater treatment plants, hazardous waste storage areas, and chemical warehouses. - In the event of leakage, spillage, or dispersion, facilities should be in place to prevent pollutants from entering the soil including secondary containment systems, drip prevention devices, and ground anti-seepage barrier systems.
Inspection	Regularly inspect anti-seepage effectiveness. Visually check tanks, pipes for signs of aging, damage, cracks, or overflow. Ensure any leaked liquids are promptly collected and cleaned up.
Monitoring	For units listed as key soil pollution monitoring entities by local authorities, follow relevant technical guidelines to engage qualified third parties for regular soil and groundwater monitoring. Promptly conduct soil pollution risk assessments if abnormal results are detected.

When constructing the Suzhou Linglue Intelligent Technology Co., Ltd., the Company thoroughly considered the site selection. The location was specifically chosen with consideration to its distance from the Zhujiayan Natural Ecological Area, ensuring that our construction and production activities would not cause any harm to the surrounding ecological environment.

Appendix

List of Key Applicable Laws and Regulations

This section primarily adheres to the "General Disclosure" requirements in the HKEX's ESG rules concerning "Relevant laws and regulations that have a significant impact on the issuer." It lists the key laws and regulations applicable to our Company according to ESG metrics.

Type	Laws and Regulations
Environmental Protection	- Environmental Protection Law of the People's Republic of China - Environmental Protection Tax Law of the People's Republic of China - Water Law of the People's Republic of China - Water Pollution Prevention and Control Law of the People's Republic of China - Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution - Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China - Air Pollution Prevention and Control Law of the People's Republic of China - Environmental Impact Assessment Law of the People's Republic of China - Clean Production Promotion Law of the People's Republic of China - Circular Economy Promotion Law of the People's Republic of China - Comprehensive Emission Standard for Air Pollutants - Integrated Wastewater Discharge Standard - Emission Standard for Foul Odorous Pollutants - Environmental Noise Emission Standard for Industrial Enterprises - Noise Limitation Standard for Construction Sites
Labor	- Labor Law of the People's Republic of China - Employment Contract Law of the People's Republic of China - Occupational Safety and Health Law of the People's Republic of China - Special Equipment Safety Law of the People's Republic of China - Law of the People's Republic of China on the Protection of Women's Rights and Interests - Law of the People's Republic of China on the Prevention and Control of Occupational Diseases - Social Insurance Law of the People's Republic of China - Trade Union Law of the People's Republic of China - Regulations on Work-related Injury Insurance - Regulations on Emergency Response to Production Safety Accidents - Provisions on the Prohibition of Child Labor
Product Liability	- Trademark Law of the People's Republic of China - Patent Law of the People's Republic of China - Anti-Unfair Competition Law of the People's Republic of China
Anti-Corruption and Corporate Governance	- Anti-Unfair Competition Law of the People's Republic of China - Anti-Money Laundering Law of the People's Republic of China - Anti-Monopoly Law of the People's Republic of China - Company Law of the People's Republic of China - Securities Law of the People's Republic of China - Provisional Regulations on Prohibiting Commercial Bribery - Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited - Guidelines for the Governance of Listed Companies - Basic Norms for Internal Control of Enterprises - Trade Union Law of the People's Republic of China - Companies Ordinance (Cap. 622 of the Laws of Hong Kong)

Key Performance Indicator Table

* Unless otherwise specified, the data scope includes only LINGYI ITECH (GUANGDONG) COMPANY and its affiliated companies in mainland China.

Indicator	Unit	2024
Environment		
Water		
Total Water Withdrawal	tons	6,724,902.31
Total Water Consumption	tons	6,724,902.31
Water Consumption Intensity	tons per 10,000 yuan output value	1.87
Total Wastewater Discharge	m ³	1,288,244.13
Chemical Oxygen Demand (COD)	tons	66.30
Ammonia Nitrogen	tons	2.21
Other Emissions	tons	32.44
Air Emissions		
Total Air Emissions	m ³	39,277,212,592.07
Nitrogen Oxides (NO _x)	tons	6.47
Sulfur Oxides (SO _x)	tons	1.69
Particulate Matter (PM)	tons	90.04
Volatile Organic Compounds (VOCs)	tons	32.33
Other Air Pollutants	tons	6.95
Waste		
Total Hazardous Waste	tons	39,880.40
Sludge	tons	7,690.02
Waste Cutting Fluid	tons	901.12
Oily Floor Washing Wastewater	tons	8,214.62
Waste Organic Solvents	tons	391.66

Waste Mineral Oil	tons	142.75
Waste Packaging Containers / Drums	tons	943.05
Waste Batteries	tons	4.01
Waste Activated Carbon	tons	110.97
Other Statistically Significant Hazardous Wastes	tons	21,483.30
Hazardous Waste Emission Intensity	tons per 10,000 yuan output value	0.01
Refrigerant		
R134a	kg	912.50
R410A	kg	776.00
R-22	kg	949.40
R-32	kg	1,609.25
Energy		
Total Energy Consumption	GJ	3,968,202.21
Natural Gas	m ³	1,944,010.00
Gasoline	L	307,668.06
Diesel	L	1,217,826.47
Energy Consumption Intensity	GJ per 10,000 yuan output value	1.10
Purchased Electricity Consumption	kWh	1,026,310,247.16
Purchased Electricity Consumption Intensity	kWh per 10,000 yuan output value	285.33
Purchased Steam	GJ	65,392.62
Energy Savings	kWh	16,880,830
Renewable Energy Usage	kWh	610,044,112.92
Greenhouse Gas		
Total GHG Emissions	tCO ₂ e	571,894.85 (excluding Scope 3 and without Green Certificate Offset)
Scope 1	tCO ₂ e	13,978.77
Scope 2	tCO ₂ e	557,916.08
GHG Emission Intensity	tCO ₂ e per 10,000 yuan output value	0.159

Scope 1	tCO ₂ e per 10,000 yuan output value	0.004
Scope 2	tCO ₂ e per 10,000 yuan output value	0.155
Materials		
Packaging Materials - Paper	tons	7,394.00
Packaging Materials - Plastic	tons	33,847.00
Office Paper Consumption	tons	11.40
Environmental Investment		
Total Environmental Investment	ten thousand RMB	5,706.64
Social		
Employee Diversity		
Total Number of Employees	person	70,319
By Gender		
Male	person	45,293
Female	person	25,026
By Age		
<20 years old	person	4,528
20-29 years old	person	24,502
30-39 years old	person	27,181
40-49 years old	person	12,817
≥50 years old	person	1,291
By Employment		
Full-time	person	70,319
Part-time	person	0
By Department		
STEM Departments (Science, Technology, Engineering, and Mathematics-related Departments)	person	7,034
Revenue-generating Departments (Operations, Sales, etc.)	person	874
By Job Level		

Executive	person	30
Director	person	148
Senior Manager	person	268
Manager	person	1,123
Supervisor and Below	person	18,405
General Staff	person	50,345

By Position

Production Staff	person	59,318
Sales Staff	person	874
Technical Staff	person	6,367
Finance Staff	person	408
Administrative Staff	person	3,352

By Education

Ph.D.	person	12
Master's Degree	person	322
Bachelor's Degree	person	5,209
Associate Degree	person	10,390
Below Associate Degree	person	54,386

By Location

Within the Province of Registration	person	20,067
Outside the Province of Registration	person	50,252

Social Responsibility Hiring Types

Number of Employees with Disabilities	person	461
Number of Veteran Employees	person	92

Middle and Senior Management by Gender

Male	percentage	79.22%
Female	percentage	20.78%

Employee Recruitment and Retention		
Average Tenure of Employees	year	2.82
By Gender		
Male	year	2.78
Female	year	2.89
Benefits		
Annual Leave		
Actual Annual Leave Provided by the Company	hour	3,070,637
Statutory Annual Leave Entitlement	hour	1,753,021
Full Pay Sick Leave	hour	990,720
Maternity Leave and Paternity Leave		
Number of Employees Actually Taking Maternity (or Paternity) Leave	person	1,410
Total Number of Employees Expected to Return After Maternity (or Paternity) Leave During the Reporting Period	person	1,312
Total Number of Employees Who Returned After Maternity (or Paternity) Leave During the Reporting Period	person	1,213
Parental Leave	hour	105,396
Remuneration		
Monthly Average Salary		
Male	yuan	9,559
Female	yuan	8,125
Gender Pay Ratio	ratio	1:0.85
Gender Pay Ratio for Non-Senior Management	ratio	1:0.85
Employee Care		
Total Number of Employees Assisted	person	56
Total Amount Invested in Employee Assistance	yuan	61,000
Employee Training		
Total Number of Employees Trained	person	92,843
By Gender		
Male	person	58,956

Female	person	33,887
By Function		
Senior Management	person	217
Middle Management	person	1,622
General and Technical Staff	person	91,004
Training Participation Rate	percentage	98.32%
By Gender		
Male	percentage	98.63%
Female	percentage	97.78%
By Function		
Senior Management	percentage	97.75%
Middle Management	percentage	98.24%
General and Technical Staff	percentage	98.32%
Total Training Hours	hour	4,507,377
By Gender		
Male	hour	2,854,350
Female	hour	1,653,027
By Function		
Senior Management	hour	7,673
Middle Management	hour	86,511
General and Technical Staff	hour	4,413,192
Average Training Hours per Employee	hour	48
Direct Training Investment	yuan	6,218,324
Indirect Training Investment	yuan	81,389,041
Occupational Health and Safety		
Lost Time Injury Frequency Rate	per million working hours	0.81
Number of Occupational Disease Cases	person	0

Occupational Disease Incidence Rate	percentage	0
Occupational Safety Training		
Total Number of EHS Training Participants	person-time	189,707
Total EHS Training Hours	hour	372,339.68
Number of Emergency Drills	time	1,309
Total Safety Production Investment	ten thousand RMB	9,732.51
Customer Service		
Customer Complaint Handling Rate	percentage	100%
Number of Product Recalls This Year	number	0
Recalls Due to Safety and Health Issues	number	0
Information Security		
Total Information Security Training Hours	hour	969
Number of Participants in Information Security Training	person-time	25,515
Number of Information Security Training Sessions	time	14
Number of Information Security Incidents	time	0
Number of Data Breach Emergency Drills	time	6
Number of Customer Privacy Leaks	time	0
Innovation and R&D		
Number of Global R&D Personnel	person	6,367
Total Number of Valid Patents/Trademarks Obtained	number	2,365
Invention Patents	number	383
Utility Model Patents	number	1,696
Design Patents	number	62
Trademarks	number	224
Total Number of Patent/Trademark Applications This Year	number	329
Invention Patents	number	102
Utility Model Patents	number	217

Design Patents	number	7
Trademarks	number	3
Global R&D Investment Amount	ten thousand RMB	197,792.89
Proportion of R&D Investment to Revenue	percentage	4.47%
Supply Chain Management		
Total Number of Suppliers	number	3,000+
Supplier Training		
Number of Suppliers Trained	number	800+
Number of Supplier Training Sessions	time	200+
Total Supplier Training Hours	hour	600+
Environmental Protection Training Hours	hour	200+
Safety Training Hours	hour	200+
Number of Suppliers Audited During the Reporting Period	number	775
Number of Suppliers Passing the Audit	number	750
Number of Suppliers Assessed with Potential Negative Impact	number	0
Number of Suppliers Failing the Audit	number	25
Number of Suppliers Improving Within the Deadline After Failing the Audit	number	8
Number of Suppliers Terminated Due to Audit Failures	number	17
Proportion of Suppliers Certified with ISO 9001	percentage	100%
Proportion of Suppliers Signing Integrity	percentage	100%
Proportion of Suppliers Signing Conflict-Free Mineral Commitment Letters	percentage	100%
Proportion of Products with Traceable Raw Material Origins	percentage	100%
Public Welfare Activities		
Total Amount Invested in Public Welfare	ten thousand RMB	573.2

Corporate Governance		
Board of Directors and Shareholders' Meeting		
Total Number of Board Members	person	7
By Gender		
Male	person	5
Female	person	2
By Age		
35-50 years old	person	3
> =50 years old	person	4
Directors with Electronic Manufacturing Background	person	2
Directors with Legal Background	person	1
Directors with Financial Management Background	person	3
Directors with Industry Experience	person	2
Number of Independent Directors	person	3
Average Tenure of Board Members	year	3
Number of Board Meetings	time	14
Attendance Rate of Board Meetings	percentage	100%
Number of Audit Committee Meetings	time	8
Attendance Rate of Audit Committee Meetings	percentage	100%
Number of Compensation & Assessment Committee Meetings	time	5
Attendance Rate of Compensation & Assessment Committee Meetings	percentage	100%
Number of Nomination Committee Meetings	time	3
Attendance Rate of Nomination Committee Meetings	percentage	100%
Number of Strategy & Development Committee Meetings	time	1
Attendance Rate of Strategy & Development Committee Meetings	percentage	100%
Total Number of Supervisors	person	3
Number of Employee Representatives on the Supervisory Board	person	1

Number of Supervisory Board Meetings	time	13
Attendance Rate of Supervisory Board Meetings	percentage	100%
Number of General Meetings	time	6
Anti-Corruption		
Number of Anti-Corruption Training Sessions	time	22
Total Number of Anti-Corruption Training Participants	person-time	120,632
Total Hours of Anti-Corruption Training	hour	5,119
Litigation Cases		
Product Information and Labeling	case	0
Marketing Practices	case	0
Customer Privacy and Data Protection	case	0
Business Ethics	case	0
Unfair Competition and Anti-Monopoly Behavior	case	0
Integrity in Business Operations	case	0
Intellectual Property Infringement Cases	case	0
Financial Loss Due to Anti-Competitive Legal Disputes	yuan	0

Indicator Comparison Table

■ Shenzhen Stock Exchange Listed Companies No. 17 - Sustainable Development Report (Trial) Index

Dimension	Number	Issue	Corresponding Clause	Location
Environment	1	Responding to Climate Change	Article 21 to Article 28	P41-P48
	2	Pollutant Emissions	Article 30	P56-P58
	3	Waste Management	Article 31	P58
	4	Ecosystem and Biodiversity Protection	Article 32	P97
	5	Environmental Compliance Management	Article 33	P38-P40
	6	Energy Utilization	Article 35	P50
	7	Water Resource Utilization	Article 36	P51
	8	Circular Economy	Article 37	P52
Social	9	Rural Revitalization	Article 39	P96
	10	Social Contribution	Article 40	P96
	11	Innovation-driven Development	Article 42	P64-P66
	12	Technology Ethics	Article 43	The Company does not conduct scientific research in sensitive areas such as life sciences or artificial intelligence
	13	Supply Chain Security	Article 45	P69-P73
	14	Equal Treatment of SMEs	Article 46	Not involved
	15	Product and Service Safety and Quality	Article 47	P61-P64
	16	Data Security and Customer Privacy Protection	Article 48	P29-P31
	17	Employees	Article 50	P76-P94
Sustainable Development Management	18	Due Diligence	Article 52	P21
	19	Stakeholder Engagement	Article 53	P20
	20	Anti-Business Bribery and Anti-Corruption	Article 55	P32-P33
	21	Anti-Unfair Competition	Article 56	P33

GRI Standards Index

Use Statement	LINGYI iTECH (GUANGDONG) COMPANY reported in line with the GRI Standards for the period from January 1, 2024 to December 31, 2024, as cited in this GRI Content Index.
Applied GRI Standards	GRI 1: Foundation 2021

GRI Standards	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	P7
	2-2 Entities included in the organization's sustainability reporting	P3
	2-3 Reporting period, frequency and contact point	P3-P4
	2-4 Restatements of information	P109-P114
	2-5 External assurance	P115-P117
	2-6 Activities, value chain and other business relationships	P19-P21
	2-7 Employees	P76-P94
	2-8 Workers who are not employees	P76
	2-9 Governance structure and composition	P23
	2-10 Nomination and selection of the highest governance body	P25
	2-11 Chair of the highest governance body	P24
	2-12 Role of the highest governance body in overseeing the management of impacts	P24
	2-13 Delegation of responsibility for managing impacts	P18
	2-14 Role of the highest governance body in sustainability reporting	P18
	2-15 Conflicts of interest	P34
	2-16 Communication of critical concerns	P19-P21
	2-17 Collective knowledge of the highest governance body	P24
	2-18 Evaluation of the performance of the highest governance body	P26
	2-19 Remuneration policies	P26、P80
	2-20 Process to determine remuneration	P26、P80
	2-21 Annual total compensation ratio	/
	2-22 Statement on sustainable development strategy	P18

GRI 2: General Disclosures 2021	2-23 Policy commitments	P18
	2-24 Embedding policy commitments	P19-P21
	2-25 Processes to remediate negative impacts	P18
	2-26 Mechanisms for seeking advice and raising concerns	P19-P21
	2-27 Compliance with laws and regulations	P98
	2-28 Membership associations	P73
	2-29 Approach to stakeholder engagement	P19-P21
	2-30 Collective bargaining agreements	P85
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P21
	3-2 List of material topics	P21
	3-3 Management of material topics	P21
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	/
	201-2 Financial implications and other risks and opportunities due to climate change	P46-P48
	201-3 Defined benefit plan obligations and other retirement plans	P80-P82
	201-4 Financial assistance received from government	/
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
	202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P47
	203-2 Significant indirect economic impacts	P41-P46
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	P32
	205-2 Operations assessed for risks related to corruption	P33
	205-3 Confirmed incidents of corruption and actions taken	P32
GRI 206: Anti- competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P108
GRI 207: Tax 2019	207-1 Approach to tax	P34
	207-2 Tax governance, control, and risk management	P34

GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	P34
	207-4 Country-by-country reporting	/
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P52
	301-2 Recycled input materials used	P52
	301-3 Reclaimed products and their packaging materials	P52
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P51
	302-2 Energy consumption outside of the organization	P51
	302-3 Energy intensity	P51
	302-4 Reduction of energy consumption	P51
	302-5 Reductions in energy requirements of products and services	P50
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P51
	303-2 Management of water discharge related impacts	P51
	303-3 Water withdrawal	P51
	303-4 Water discharge	P51
	303-5 Water consumption	P51
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impacts of activities, products and services on biodiversity	P97
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emission 2016	305-1 Direct (Scope 1) GHG emissions	P48
	305-2 Energy indirect (Scope 2) GHG emissions	P48
	305-3 Other indirect (Scope 3) GHG emissions	/
	305-4 GHG emissions intensity	P48
	305-5 Reduction of GHG emissions	P51
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P99
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	P58

GRI306: Waste 2020	306-2 Management of significant waste-related impacts	P58
	306-3 Waste generated	P99-P100
	306-4 Waste diverted from disposal	P99-P100
	306-5 Waste directed to disposal	P99-P100
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P69
	308-2 Negative environmental impacts in the supply chain and actions taken	P72
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P90
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P79-P83
	401-3 Parental leave	P82
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	P79
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P86-P89
	403-2 Hazard identification, risk assessment, and incident investigation	P86
	403-3 Occupational health services	P86-P89
	403-4 Worker participation, consultation, and communication on occupational health and safety	P86-P89
	403-5 Worker training on occupational health and safety	P88
	403-6 Promotion of worker health	P86-P89
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P86-P89
	403-8 Workers covered by an occupational health and safety management system	P86
	403-9 Work-related injuries	P104
	403-10 Work-related ill health	P87
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P104
	404-2 Programs for upgrading employee skills and transition assistance programs	P92-P94
	404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P76
	405-2 Ratio of basic salary and remuneration of women to men	P81
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P78
GRI 407: Freedom o Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P85

GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	P77
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	/
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P69
	414-2 Negative social impacts in the supply chain and actions taken	P72
GRI 415: Public Policy 2016	415-1 Political contributions	/
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	P53-P55
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	/
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	P66
	417-2 Incidents of non-compliance concerning product and service information and labeling	N/A
	417-3 Incidents of non-compliance concerning marketing communications	N/A
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A

■ IFRS S2 Climate-related Disclosures Index-Electronic Manufacturing Services & Original Design Manufacturing

Topic	Metric	Category	Unit	Code	Location
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m³), Percentage (%)	TC-ES-140a.1	P51
Product Lifecycle Management	Weight of end-of-life products and e-waste recovered; percentage recycled	Quantitative	Metric tons (t), Percentage (%)	TC-ES-410a.1	/
Activity Metrics	Number of manufacturing facilities	Quantitative	Number	TC-ES-000.A	P07
	Area of manufacturing facilities	Quantitative	Square meters (m²)	TC-ES-000.B	/
	Number of employees	Quantitative	Number	TC-ES-000.C	P76

Independent Assurance Statement

Intended users of the assurance statement: ☒Government ☒Non-Government Organization ☒Clients
☒Suppliers ☒Investors ☒Customers
☐Other stakeholders

Responsibilities of the reporting organization and assurance provider: CTI Certification Co., Ltd. ("CTI") is entrusted to assure the sustainable development related disclosed by LINGYI ITECH(GUANGDONG)COMPANY. ("Reporting Organization") in LINGYI ITECH(GUANGDONG)COMPANY 2024 Sustainability Report("Report"). The purpose of this process is to provide confidence for stakeholders to make decisions based on the information provided by the Reporting Organization.

Assurance standard: AA1000 Assurance Standard v3

Assurance scope: • Verify the content, context and application of the report, as well as the quality of sustainability related information presented during the reporting period;
 • Assess the Report's degree of adherence to AA1000 Accountability Principles (2018) of inclusivity, materiality, responsiveness and impact;
 • Review the sustainability practices and performance information described in the Report;
 • Assess the reporting mechanisms for sustainability related information and their alignment with applicable reporting standards;
 • Assess the appropriateness and suitability of data collection, quantification and data management processes incorporated into the Report.

Type of engagement: Type 2

Level of assurance:	Subject matters	Level of Assurance
	Degree of compliance with AA1000 Accountability Principles (2018)	Moderate Level
	Quality of sustainability performance	Moderate Level

Preparation standards and normative references: • Guidance on Social Responsibility (GB/T36000-2015)
 • Guidance on Social Responsibility Reporting (GB/T36001-2015)
 • Guidance on Classifying Social Responsibility Performance (GB/T36002-2015)
 • Guidance on Social Responsibility (ISO26000)
 • GRI Standards
 • Shenzhen Stock Exchange Listed Companies No. 17 - Sustainable Development Report (Trial)
 • Main Board Appendix C2 Environmental, Social and Governance Reporting Code
 • International Standards on Sustainability-related Financial Information

1/3

CTI 华测认证

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Source of information disclosure: Name of Report: LINGYI ITECH(GUANGDONG)COMPANY 2024 Sustainability Report
Source: LINGYI ITECH(GUANGDONG)COMPANY

Description of methodology: CTI formulated an engagement plan based on the assurance process and conducted the engagement according to the plan. CTI conducted inspections with a professional skepticism attitude and the assurance activities included the following procedures:

- Process for understanding, testing and evaluating the extent to which the Reporting Organization adheres to AA1000 Accountability Principles, and thereby assessing the degree of adherence;
- Conduct management interviews on the effectiveness of impact-generating processes, involving the Reporting Organization's top management, departmental managers and sustainability officers;
- Review and inspect the Reporting Organization's management practices, business processes and evidence collection procedures through sampling;
- Collect and evaluate evidentiary materials and management declarations that substantiate the Reporting Organization's adherence to AA1000 Accountability Principles.

Conclusions: According to the AA1000 Assurance Standard v3, CTI conducted a Type 2 moderate level assurance on the sustainable related information disclosed in the Report prepared by the Reporting Organization. According to the requirements of the AA1000 Accountability Principles (2018), the conclusions are as follows:

The degree of adherence to AA1000 Accountability Principles (2018) of the Reporting Organization and the Report

- Inclusivity:** After assessment, CTI confirms that the Reporting Organization has identified and understood stakeholders, maintained proper, transparent and timely communication with them, and incorporated key concerns into significant considerations for corporate sustainability, aligning with the inclusivity requirement of AA1000 Accountability Principles (2018).
- Materiality:** After assessment, CTI confirms that the Reporting Organization has determined the significance, likelihood, current and anticipated future impacts of identified material issues, has conducted a materiality evaluation covering both internal and external aspects of the organization, aligning with the materiality requirement of AA1000 Accountability Principles (2018).
- Responsiveness:** After assessment, CTI confirms that the Reporting Organization has adopted suitable reporting frameworks to define and reflect responses to material matters in the Report, aligning with the responsiveness requirement of AA1000 Accountability Principles (2018).
- Impact:** The Reporting Organization has clear procedures to regularly monitor and measure their sustainable development impact, and has professionals to effectively promote the sustainable development agenda. CTI did not find any situations or issues that had an impact on the ecosystem and surrounding infrastructure, and the Reporting Organization meets the impact requirements of the AA1000 Accountability Principles (2018).

The quality of sustainability related information disclosed in the Report

CTI did not identify any material misstatements in the sustainability related information described in the Report.

2/3

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Limitations and approach used to mitigate limitations

The limitations and mitigation methods of CTI in the assurance process:

- CTI confirms solely through interviews and factual evidence verification that all sustainability performance indicators have clearly defined data sources;
- CTI cannot provide assurance opinions on viewpoints described in the Report, including opinions, beliefs, inferences, aspirations, expectations or future intentions;
- CTI will focus further on the improvement and advancement of the Reporting Organization's sustainability information disclosure and management practices in future assurance work, in alignment with the principle of continuous improvement.

Competence and independence of CTI

Founded in 2004, CTI is a professional certification body approved by the Certification and Accreditation Administration of China (CNCA) and accredited by the China National Accreditation Service for Conformity Assessment (CNAS), enjoying an independent third-party impartial status. We have extensive experience in conducting third-party audits for management system certifications in quality, environment, safety, occupational health, energy, as well as environmental information such as greenhouse gases.

Except for the assurance and verification of sustainability data and the Report, no member of the assurance team has any business relationship with LINGYI iTECH(GUANGDONG)COMPANY, its directors, executives, or department managers. After the internal impartiality assessment conducted by CTI, we believe that there is no conflict of interest in this assurance engagement.

Assurance Team Leader

Wang Hui



Technical Reviewer

Li Qi



Signed by

General Manager: Zhou Lu




3/3

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Reader Feedback

Thank you for reading the LINGYI iTECH (GUANGDONG) COMPANY 2024 Sustainability Report. We value your feedback and invite you to complete the survey below. Your insights are crucial for helping us improve future reports. Please send your responses to IR@lingyiitech.com.

Name _____

Company _____

Contact Number _____

Email Address _____

1.What is your overall evaluation of this report:

☐Excellent ☐Good ☐Fair ☐Poor ☐Very Poor

2.How do you assess the accuracy, completeness, timeliness, and clarity of the information disclosed in this report?

☐Excellent ☐Good ☐Fair ☐Poor ☐Very Poor

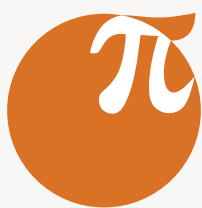
3.Do you think the content organization and style design of this report are conducive to easy reading?

☐Excellent ☐Good ☐Fair ☐Poor ☐Very Poor

4.What topics are you interested in?

5.What information do you think is missing from the report that should be included?

6. Do you have any additional comments on LINGYI iTECH's work in environmental, social, and corporate governance aspects?



领益智造
LY iTECH

Adhere to high-quality green development
LY iTECH setting sail again in the new era

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