



**SMOORE INTERNATIONAL HOLDINGS LIMITED**

**思摩爾國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6969)

# 2024

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT





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## Reader's Feedback



# About This Report

## Report Description

SMOORE International Holdings Limited is pleased to release its 2024 Environmental, Social and Governance Report (the “report”). The report clarifies Smoore’s investment and performance in the aspect of environmental, social and governance (hereinafter referred to as “ESG”) in 2024, aiming to respond to stakeholders’ expectations for the sustainable development and information disclosure of Smoore, and to enhance stakeholders’ understanding and confidence in Smoore.

## Reporting Scope and Boundary

For ease of presentation and readability, “SMOORE”, “Smoore”, “the Company”, “we”, and “the Group” all refer to Smoore International Holdings Limited (and its subsidiaries); “FEELM”, “Smoore Shenzhen Technology Co., Ltd. (hereinafter referred to as “Smoore Technology”); “FEELM”, “VAPORESSO”, and “MOYAL” are brands of Smoore.

## Reporting Standard

This report has been prepared in accordance with the Environmental, Social, and Governance Reporting Guide contained set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). This report is disclosed in strict accordance with the requirements of “mandatory disclosure” and “comply or explain” in the Environmental, Social and Governance Reporting Guide, and refers to relevant documents such as the GRI Standard 2021, published by the Global Reporting Initiative. This report responds to the “materiality” principle through the analysis of materiality issues, addresses the “quantification” principle with a list of quantitative data. It ensures that the scope of disclosure and reporting methods remain largely consistent year-on-year to respond to the “consistency” principle. At the same time, we review negative topics and poor performance to respond the “balance” principle.

## Reporting Scope and Boundary

Unless otherwise specified, the data contained in this report covers the period from January 1, 2024 to December 31, 2024 (hereinafter referred to as “In this year” or “During the reporting period”).

The Group is a global leader in offering atomization technology solutions. Through our innovative and pioneering atomization technology solutions, we derived our revenue for the Review Period primarily from three business segments: (1) research, design and manufacturing of closed system electronic vaping products, heat – not – burn products, and components for special purpose atomization products for a number of global leading tobacco companies, independent vaping and other corporate clients; (2) research, design, manufacturing and sale of self – branded electronic vaping products and beauty atomization products for retail clients; and (3) providing relevant research and development (“R&D”) services for our customers based on our atomization technology reserves.

## Data Source and Reliability Assurance

The financial data in this report are extracted from the 2024 Annual Report of Smoore International Holdings Limited. Other data are from the Company’s internal data, survey interview records, and related files. The currency types and amounts involved in the relevant data in this report, unless otherwise specified, are measured in RMB. During the reporting period, due to the adjustment of statistical methods for some data, some data were restated, which is inconsistent with the data reported in previous years, please refer to this report. The Board of Directors of the Company promises that this report does not contain any false or misleading information, and is responsible for the authenticity, accuracy, and completeness of its content.

## Confirmation and Approval

The Board of Directors of the Company has approved the report and guarantees that the report does not contain any false records, misleading statements or material omissions.

## Obtaining and Response to This Report

This report is published in PDF electronic format on the HKEX news website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company’s official website (<https://www.smooreholdings.com/>). If there are any differences between the traditional Chinese and English versions of this report, please refer to the simplified Chinese version.

## Contacts

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# Chairman's Statement

In 2024, the global macroeconomic landscape continues to present challenges, but Smoore firmly believes that innovation and a sense of responsibility are key to seizing opportunities in this evolving environment and achieving developmental value. We remain committed to our corporate mission of "Atomization makes life better" and our vision of "Focusing on building world-leading atomization technology platforms to create value for society," aiming to ensure the well-being of all SMOORE employees. We incorporate sustainable development principles into every facet of our strategic decision-making and daily operations, actively fulfilling our responsibilities and commitments to the environment, society, and all stakeholders through tangible actions.

## Green Navigation: Facilitating Sustainable Transformation through Zero Carbon Objectives

During the year, we made considerable progress in our green and low-carbon transformation, particularly focusing on our "2050 Carbon Neutrality Targets." Our goal is to boost the proportion of renewable energy in our operations, aiming for 50% of our energy consumption to come from renewable sources by 2030. In response to climate change, we improved our climate governance framework, carefully tracking related risks and opportunities, and conducting thorough analyses of the financial impacts on our business model and value chain. We also used scenario analysis to assess our climate resilience and develop climate adaptation action plans, thereby enhancing our climate risk management capabilities. In terms of green product development, we utilized the Life Cycle Assessment (LCA) model to systematically assess the environmental impact of our products. We successfully reduced the environmental footprint of our offerings through initiatives like removable battery designs, solar-powered products, and the use of sustainable materials. Moreover, we were committed to promoting global environmental protection, decreasing dependence on traditional energy sources, and encouraging sustainable production and lifestyle practices through the launch of the VAPORESSO CARE – Global Energy Sustainability Program.

## Innovation Transcends Limitations: Leading the Future of the Industry with Technological Breakthroughs

During the year, we implemented a market- and product-oriented research and development strategy aimed at reinforcing our core focus on innovation within R&D. Centered around atomization technology, we intensified collaborations with renowned research and development platforms and institutions both domestically and internationally, thereby accelerating the processes of technological iteration and commercialization. In 2024, the Group's independent beauty brand MOYAL was officially launched, providing users with a new TPS atomization non-invasive transdermal technology, achieving a highly penetrative and noninvasive skincare method. At the same time, the Group successfully supported our customers to launch heat-not-burn products, receiving high recognition from customers and positive feedback from consumers during the trial phase. In inhalation therapy, leveraging deep technical expertise in drug-device combination solutions to respiratory diseases, a wholly-owned subsidiary of the Group has successfully established cooperation with an international pharmaceutical company, driving the integrated development of innovative drugs and inhalation delivery devices. Furthermore, through our unique technological advancements, we were dedicated to enhancing consumer experiences by improving product quality and performance, as well as optimizing user interaction design. Throughout the year, several products under our VAPORESSO brand garnered multiple awards, including the Muse Creative Awards, London Design Awards, International Design Awards, and the Grand Prix Design Paris, among other prestigious international recognitions.

## Strive for Goodness: Empowering a Brighter Future with Concrete Actions

During the year, we consistently focused on a "people-oriented" approach, actively safeguarding the rights and interests of our employees. We aimed to create an equitable, diverse, and inclusive work environment for everyone, while also enhancing employees' sense of well-being and belonging. Additionally, we worked on strengthening our talent training and development system, implementing a "1-3-5-7-10 exclusive training strategy" to establish a platform for rapid employee growth and support their ongoing development. We also made significant contributions to public welfare, engaging in community assistance, educational support, and facility construction to promote a vision for harmonious societal development. During this period, we invested approximately RMB 6,332,990 (Including the donation of RMB 5 million in January 2025 to help the earthquake-stricken areas in Tibet) in public welfare initiatives, participated in 255 hours of community service, and involved 25 individuals in social welfare activities.

## Built to Last: Strengthening the Foundation for Growth with Governance Excellence.

During the year, we made ongoing improvements to our modern corporate governance mechanisms, ensuring transparent powers and responsibilities along with effective checks and balances. We also focused on enhancing our risk management and compliance systems while fostering transparent communication with various stakeholders. Additionally, we worked on strengthening the ESG capabilities of our Board of Directors, improving their expertise in areas such as ESG strategic planning, risk assessment, and performance management to ensure effective oversight of the Company's ESG initiatives. We were honored to receive the "Best ESG Enterprise" award in the "2024 All-Asia Executive Team" event organized by Institutional Investor magazine. This recognition highlights our exceptional performance in the ESG sector and serves as a testament to our advancements in sustainable development.

## Embrace the Future: Crafting Long-term Vision with Resilience

As we look towards 2025, the unpredictability of the external landscape will be heightened by geopolitical instability and shifts in industry. Nevertheless, we believe this presents a significant opportunity for us to showcase our resilience and strength while reinforcing our dedication to sustainable development. We will maintain our business philosophy of "Customer first, Leading product, Sustainable branding," pursue innovation with a global perspective, honor the environment with care, contribute to society with kindness, and collaborate with all our partners to envision a future focused on sustainable development.



During this period, we invested approximately  
RMB **6,332,990**  
in public welfare initiatives,

participated in  
**255** hours of  
community service,

and involved  
**25** individuals in  
social welfare activities.

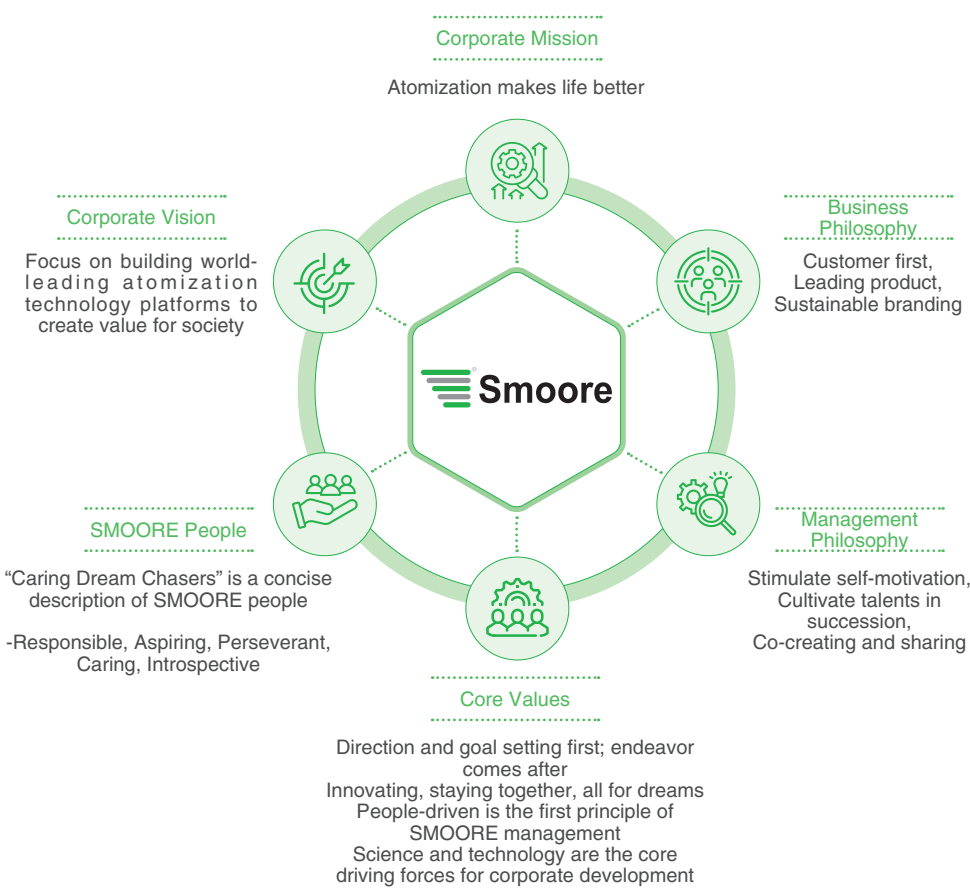
Note: Including the international donation of RMB 5 million in January 2025 to help the earthquake-stricken areas in Tibet



# Step Into SMOORE

After years of development since its inception in 2009, Smoore has become the world's leading electronic vaping device manufacturer and a global leader in providing atomization technology solutions. Smoore persistently makes positive exploration and innovation with cutting-edge technological R&D centers. By virtue of advanced R&D technology, rich experience in the electronic atomization industry, strong manufacturing capacity and diversified product lines, Smoore brings customers optimal product experience and solutions. The product business of Smoore spreads all over the world, and has been highly recognized and widely praised by customers and the market.

## Corporate Culture



## Business Overview

Smoore				
A Global Leader in Atomization Technology				
Business Segment		Business Model	Target Market	
Core Business	Nicotine Delivery System	Open-system	Self-branded	International
		Closed-system	Primarily ODM Technical Services	International-Focused
		Heat-not-burn	ODM Technical Services	International
	Atomization Products for Special Purpose	ODM Technical Services	US-Focused	
New Business	Inhalation Therapy (Transpire Bio)	2B + 2C Technical Services	Europe & US	
	Beauty (MOYAL)	Self-branded 2B + 2C	China-Focused	





## Refining Channel Management to Strengthen Distribution, Diversifying Strategies to Expand Market Presence, and Leveraging Technological Innovation to Build Platforms

### Open-system Products

- Deepen Localized Operations and Strengthen Channel-based Presence
- Continuous Exploration and User Base Expansion Across Categories
- Its proportion of total revenue increased to 21.0% in 2024
- Revenue of European and other markets +37.2% yoy
- Revenue of U.S. market +14.0% yoy



## Adequately addressing consumer needs and compliance requirements following Europe's ban on disposable electronic vaping products

### Atomization Products for Special Purpose

Non-TPD Market → Diversified Product Portfolio for Differentiated Competition



TPD Market → Compliant High-capacity Solution

- Optimized taste through structural and coil design improvements
- Enhanced user convenience and product reliability
- Added flavor innovations
- Resolved reliability issues with detachable e-liquid pods
- Combined modular and multi-chamber product concepts



## Comprehensively Upgrading the User Experience to Rapidly Capture Market Demand

### Closed-system Products

- FEELM Pro: The Next-Generation Pod-Based Solution
- Aerosol particle size increase of 35%, taste consistency improved to 95%
- World Vape Show in Dubai and Birmingham Electronic Vaping Exhibition
- Recognized with two major awards – “Best Manufacturer” and “Vapouround Hall of Fame”



### Inhalation Therapy

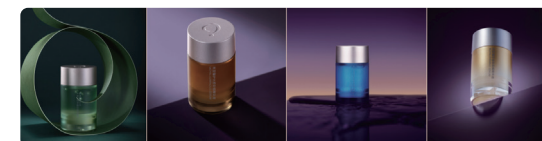
- Completed the development and layout of several devices for asthma and COPD
- Completed the development and layout of several devices for asthma and COPD
- Steadily advancing the R&D, industrialized capacity building and supply chain deployment of a number of core products
- Successfully established cooperation with an international pharmaceutical company to promote the integrated development of innovative drugs and inhalation drug delivery devices
- Established Experimental Facilities and Systems



## Home Care (Online + Offline): Superconducting Gun + Superconducting Cannon



### Beauty Atomization



## In-hospital (Medical Aesthetic Institutions): Fog Light Therapy Device





2024 Highlights

January 2024

- VAPORESSO participated in the Total Product Expo (TPE24), where it was presenting its four product lines XROS, LUXE, ECO and ARMOUR.
- SMOORE ODM+ and VAPORESSO launched their first collaboration to bring unique innovations and surprises to end-users and business partners through the unique business model of SMOORE ODM+ and the marketing strength of VAPORESSO.

February 2024

- FEELM upgraded its original large puffs non-charging solution POWER ALPHA and launched POWER ALPHA 2.0, a solution that supports larger puffs non-charging.
- FEELM officially launched FEELM Turbo, the world's first high burst ceramic core solution.
- FEELM upgraded the original 6,000-puffs non-rechargeable solution POWER ALPHA and launched POWER ALPHA 2.0, a non-rechargeable solution that supports 15,000 puffs +, which makes the energy density of the battery cell increase by 40% compared to other products under the same volume, and the self-discharge rate of the battery drop by at least 700% compared to other products on the market.
- We released the world's first high-explosive ceramic core solution, FEELM Turbo, with a 200% increase in taste explosiveness, an 80% increase in atomizing vapor volume, a 98%+ utilization rate of atomizing fluid, and a 30%+ increase in the number of puffs.
- We brought customers to the (Total Product Expo) TPE Show in Las Vegas.

March 2024

- We launched our first technological skincare brand, M O Y A L , and started the pre-sale of the innovative product, the Mist Light Essence Device, marking the full market entry of SMOORE's core breakthrough TPS transdermal technology.

June 2024

- We participated in the WORLD VAPES SHOW 2024 at the Dubai World Trade Center (DWTC) to officially launch the next generation of cartridge exchange solutions – FEELM Pro. Bringing two different series of large port solutions: the TPD compliant 5000-port solution TANKER and the TPD compliant 3200-port QUAD SHOT Pro, a 4-in-1 solution.
- We stood out in the “2024 All-Asia Executive Team Survey” organized by Institutional Investor, winning third place among 141 nominated well-known Asian consumer staples companies, and received the prestigious award for “Most Respected Company.” At the same time, it won second place for “Best Investor Relations Team,” third place for “Best Investor Relations Company,” third place for “Best Board of Directors,” and third place for “Best Environmental, Social, and Governance (ESG).”

December 2024

- VAPORESSO launched the industry's first solar-powered open-system vape—ECO NANO SOLAR. Crafted from 70% eco-conscious materials. This pioneering ECO innovation combines degradable photovoltaic technology with a recyclable modular design. Its solar panel achieves remarkable light-to-electricity efficiency and is over 80% biodegradable.
- The PURE POWER ACTION movement, as a key part of the PURE POWER FOR ALL initiative, engages participants worldwide through a series of interactive online activities designed to build momentum for clean energy advocacy.
- We won the “Best IR Team” award in the 9th Zhi Tong Finance Listed Company Awards 2024.


ESG Ratings and Awards

Current Year ESG Ratings

★★★★★


As of February 2025, we have a BBB rating from MSCI, which is in the middle of the industry and helps stakeholders identify and understand our ESG risks.

MSCI




As of February 2025, we have achieved a score of 26.4, with a Sustainalytics rating in the medium risk position, (the lower the score, the lower the ESG risk value).

SUSTAINALYTICS




As of September 2024, we scored 38 points on the S&P Global ESG Rating.

S&P



As of Q1 2025, our rating on the China Securities Index (CSI) is A.



SMOORE INTERNATIONAL HOLDINGS LIMITED 2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 6

Current Year Awards

- 

Selected as one of the top 100 global innovation companies (7 in mainland China)

*Dynamics of Innovation 2024: Global Top 100*
- 

Hurun China 500 (Rank 211)

Hurun Group
- 

Awarded the Best Capital Market Communication Award

International Roadshow Center
- 

Awarded the Best ESG Award

International Roadshow Center
- 

Awarded the Most Respected Enterprise

*Institutional Investor* magazine in 2024
- 

Awarded the 3rd place in Asia in the category of Best Investor Relations Enterprise (Essential Consumer Goods)

*Institutional Investor* magazine in 2024
- 

Awarded the 2nd place in Asia in the category of Best Investor Relations Team (Essential Consumer Goods)

*Institutional Investor* magazine in 2024
- 

Awarded the 2nd place in Asia in the category of Best Investor Relations Specialist

*Institutional Investor* magazine in 2024
- 

Awarded the 3rd place in Asia in the category of Best ESG Enterprise (Essential Consumer Goods)

*Institutional Investor* magazine in 2024
- 

Awarded the 3rd in Asia in the category of Best Board of Directors (Essential Consumer Goods)

*Institutional Investor* magazine in 2024
- 

Awarded the Best IR Team Award

Zhitong Finance in 2024
- 

Awarded the Most Innovative Hong Kong – listed Company

*New Fortune* Magazine
- 

Several subsidiaries were awarded as national high-tech enterprises

Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality, Administration of Taxation of Shenzhen Municipality, Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Taxation Bureau
- 

The subsidiary, Shenzhen Smoore Technology Co., Ltd., was awarded 123rd among the Top 500 Enterprises in Shenzhen in 2024

Shenzhen Enterprises Federation/Shenzhen Entrepreneurs Association
- 

The subsidiary, Jiangmen Smoore New Materials Technology Co., Ltd., was awarded the Guangdong Engineering Technology Research Center

Department of Science and Technology of Guangdong Province
- 

The subsidiary, Shenzhen Smoore Technology Co., Ltd., was awarded the Outstanding Enterprise in Brand Building

Shenzhen Well – known Brand Evaluation Committee
- 

The medical mesh nebulizer system of the subsidiary, Shenzhen Moore Atomization Health Medical Technology Co., Ltd., was selected into the Shenzhen Innovative Product Catalog

Industry and Information Technology Bureau of Shenzhen Municipality
- 

The Moisture & Light Essence Device of the subsidiary, Shenzhen Moore Atomization Health Medical Technology Co., Ltd., was awarded the title of Famous and High – Tech Product in Guangdong Province

Guangdong High -tech Enterprise Association
- 

The new micro – porous conductive ceramic atomization core of the subsidiary, Jiangmen SMOORE New Materials Technology Co., Ltd., was awarded the title of Famous and High – tech Product in Guangdong Province.

Guangdong High -tech Enterprise Association

Honor Photo Wall (Partial)





## Key Performance in 2024





# Sustainable Future

## Steady Progress, Forging Evergreen Prosperity

The sound operation and sustainable development of an enterprise cannot be separated from good corporate governance. Smoore continuously optimizes its governance structure, clarifies internal governance norms, strengthens its internal risk prevention and control capabilities, continuously improves its governance efficiency and level, and is committed to building a more scientific and efficient governance system to escort the long-term development of the enterprise.

- Strengthening Corporate Governance 10
- Adherence to Business Ethics 14
- Governance for Sustainable Development 16

Responding to SDGs goals:



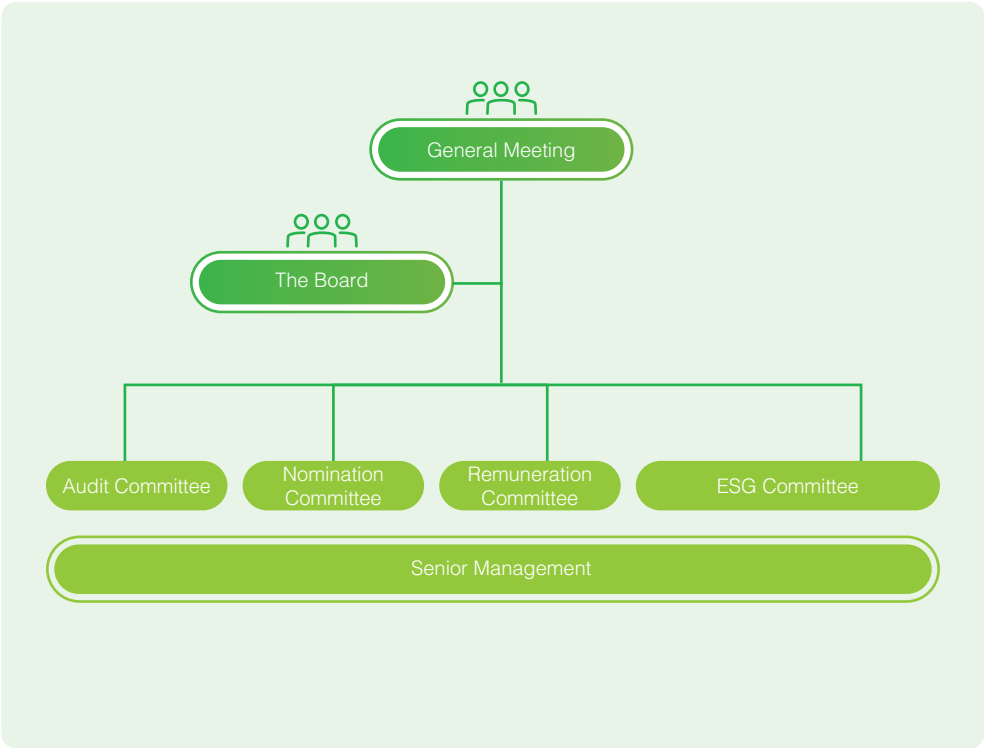


# Strengthening Corporate Governance

Smooore continues to improve its governance mechanism, establishes a sound board of directors, emphasizes investor communication, and actively builds a transparent communication bridge with all stakeholders. At the same time, it continuously strengthens information security management, boosts the steady development of the enterprise, and leads the enterprise to sail far away.

## Governance Mechanisms

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. We governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. the Company had applied the principles and complied with all code provisions (except code provisions C.2.1) and, where applicable, the recommended best practices of the CG Code as set out in Appendix C1 to the Listing Rules.



## Performance of Special Committees of the Board of Directors

- Audit Committee**
  - The Audit Committee comprehensively supervises, inspect, and evaluates internal control, financial information and internal audit of the Group regularly, takes charge of business ethics and anti-corruption work, and gives full play to the role of audit and supervision. This aims to constantly enhance our internal control.
- Nomination Committee**
  - The Nomination Committee assesses, reviews, and proposes professional advice on the selection criteria and selection and appointment mechanism of directors to build a diverse and professional Board of Directors.
- Remuneration Committee**
  - The Remuneration Committee assists the Board of Directors to formulate and review remuneration mechanism of directors and senior management, improves the remuneration system of directors and senior management.
- Environmental, Social and Governance (ESG) Committee**
  - The Board of Directors takes charge of supervising and guiding the Group's sustainable development strategy. The ESG Committee reports the implementation and situation of matters about sustainable development to the Board of Directors (For detailed duties of ESG Committee, please refer to the "ESG Governance Structure" section of this report).

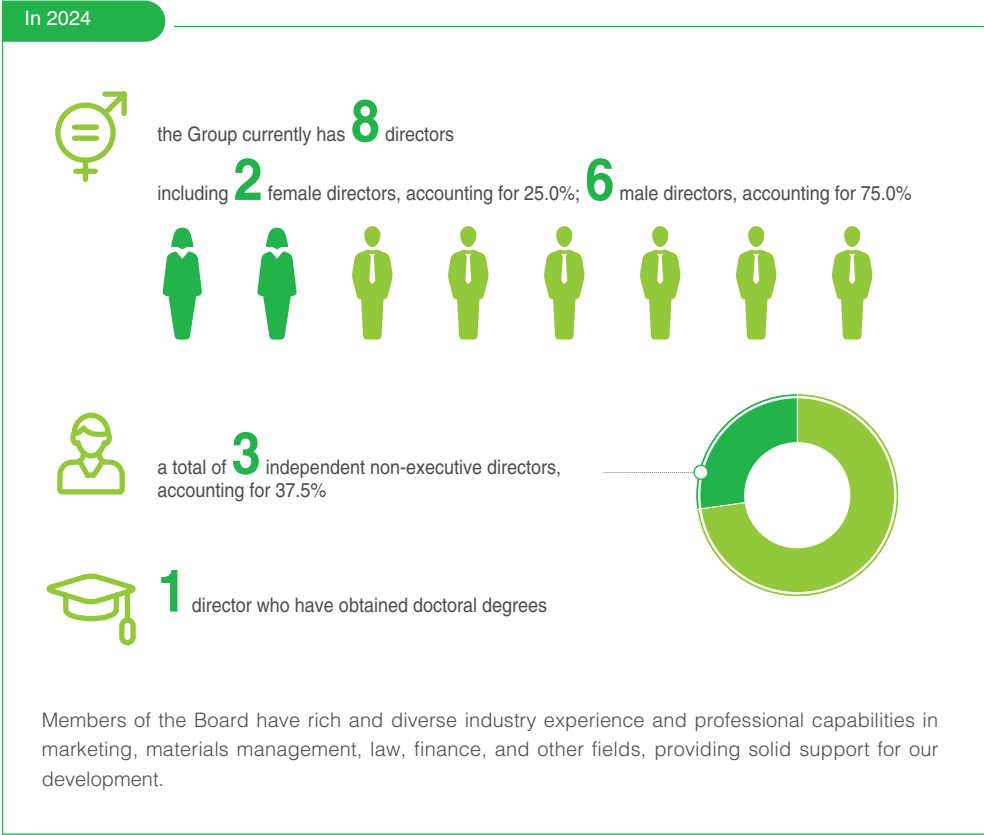
The Board is responsible for its leadership and control, and also is responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company. The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from Directors to perform their responsibilities to the Company and whether Directors are spending sufficient time performing duties that are commensurate with their role and the Board responsibilities. The Board has a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.



► The Board

### Board Diversity

The Company is committed to actively promoting the diversity of members of the Board in terms of gender, culture, professional skills, and other aspects, Smoore has formulated and implemented the Board Diversity Policy to strengthen the diversity and comprehensiveness of the Board. The Nomination Committee takes charge of reviewing the Board Diversity Policy regularly. In addition, we review the structure of the Board every year based on our development strategy to ensure that a diverse and balanced structure is maintained. At the same time, the Board will also set measurable objectives and take in-depth measures to implement the Board Diversity Policy and review the achievement of objectives.



### ESG Capacity Building for Boards of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that the contribution to the Board remains relevant. Every newly appointed Director will receive relevant induction training on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional trainings to develop and refresh their knowledge and skills pursuant to provision C.1.4 of the CG Code, in order to ensure that the contribution to the Board remains relevant. Internally training for Directors will be arranged and reading material on relevant topics will be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses, and the expenses of which will be paid by the Company.



### Director Remuneration Policy

The Company has adopted a Director Remuneration Policy, and appointed the Remuneration Committee to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. No Director will take part in any discussion on his or her own remuneration.

The remuneration packages of executive Directors consist of fixed and variable parts (such as bonuses, equity incentives, equity awards, etc.) to promote and reward performance, with reference to the individual and company result performance and comparable companies with same business scope, to recruit and retain key leaders. The fixed basic remuneration received by non-executive Directors should be at an appropriate level, and should be determined by reference to their roles, responsibilities, time devoted and contributions made to the Company, as well as the market level of peer companies.

The Remuneration Committee will regularly review the adequacy and effectiveness of this policy with reference to companies with similar businesses or scales, and ensure that this policy meets commercial requirements, so as to maintain competitiveness in attracting and retaining talents.



Risk Internal Control

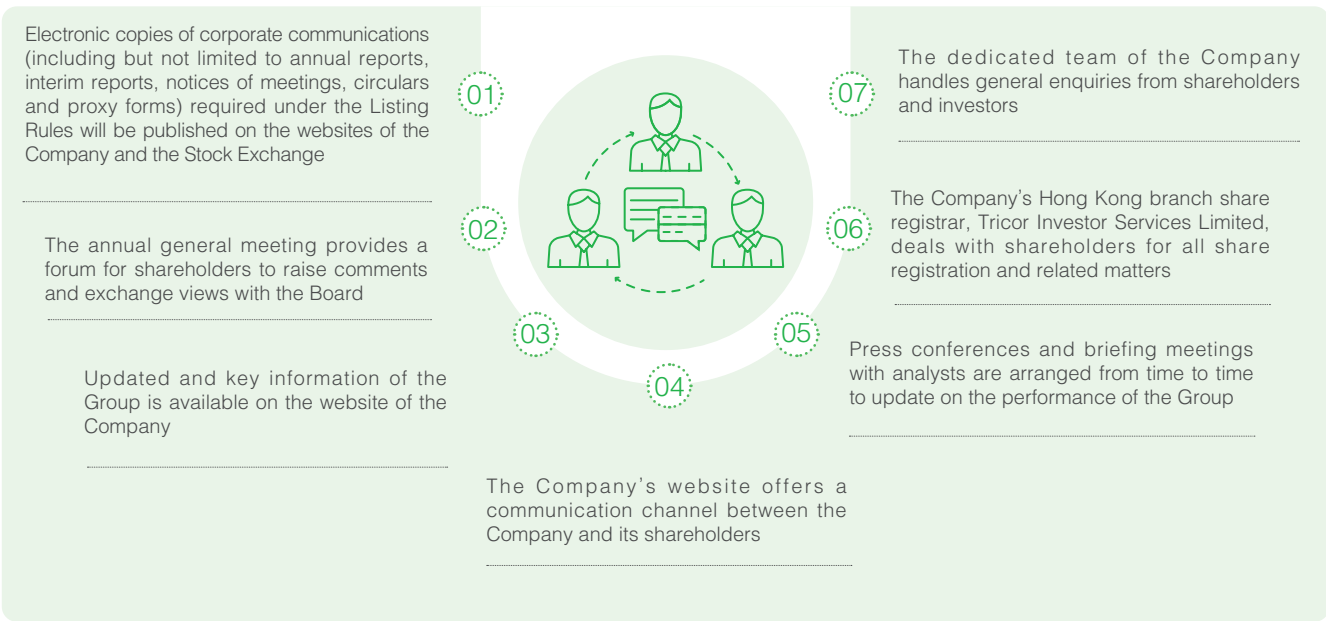
The overall risk management process of the Company is integrated in the day-to-day operations of the Group and the management is entrusted with duties to analyze, identify, monitor, evaluate and respond to risks associated with the business activities and operations of the Group. The management will evaluate risk levels acceptable for the Company, set up contingency plans and formulate contingency plans to minimize impact of unpredictable events and report its findings to the Audit Committee and the Board. The Audit Committee and the Board ultimately determine the nature and extent of significant risk that the Company is willing to take in achieving its business objectives and direct the Group's risk management strategies.

The Internal Audit Department is tasked with performing internal control functions of the Company and plays an important role in monitoring the internal governance of the Company. The Internal Audit Department reports directly to the Chairman and has direct access to the Audit Committee. The Internal Audit Department regularly reviews the major activities and processes of the Group's businesses and functions and also specifically reviews or investigates matters of which management or the Audit Committee is aware and which give rise to concerns. All audit reports are communicated to the Audit Committee, Directors and key senior management. Audit issues are tracked and followed up for proper implementation, and the progress of implementation is reported regularly. Since the listing of the Company in July 2020, we have not changed our external auditor. In terms of auditor tenure management, the Company has fully complied with the requirements of the relevant rules, and up to now, the length of auditor tenure has not reached 20 years, which ensures the independence and effectiveness of the auditing work and provides a solid guarantee for the Company's sustained and high-quality development.

In 2024, on the basis of the existing internal control mechanism, we further improved the system system, established the *Accountability Management Standards*, strengthened internal supervision and implementation of responsibilities, prompted all employees to conscientiously perform their duties, and ensured the standardization and effectiveness of the Company's operations. No significant deficiencies in internal control were identified during the year. In 2024, the Group conducted special audits mainly in key risk areas such as research and development, production and operation, and sales, etc. The audits found that there was room for optimization in some of the business areas, and the relevant departments had formulated rectification plans and pushed forward improvements in accordance with the recommendations.

Communications with Shareholders and Investors

The Board of Directors emphasizes effective communication with shareholders and believes it plays a key role in promoting investor relations. The annual and interim reports provide shareholders with operational and financial information, the annual general meeting allows shareholders to express their views and ask questions directly to the Board of Directors, members of the Board of Directors and relevant executives are on hand to answer questions and there are separate resolutions for each matter at the general meeting to protect shareholders' interests. In addition, the Company has established various communication channels with shareholders and investors to ensure smooth communication in all aspects.



In 2024

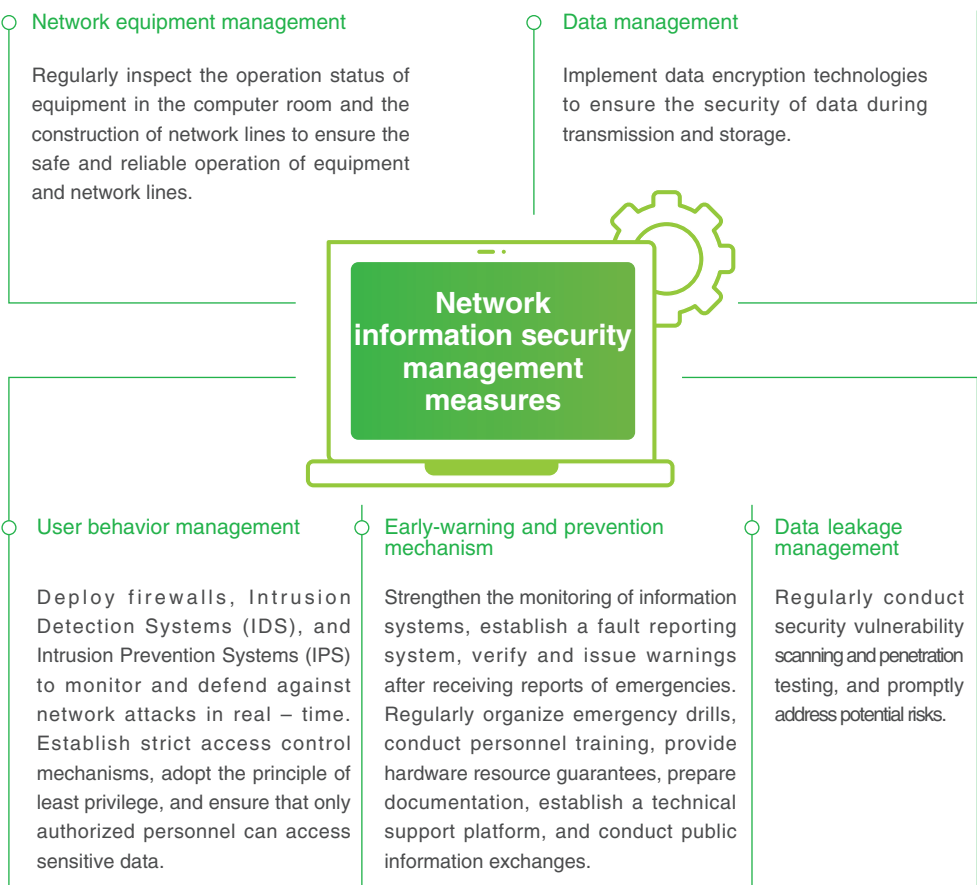
We conducted **2** offline performance briefings for all investors and

**1** performance presentation and explanation session for all employees

During the year, the investor relations team participated in **240** investor exchanges and attended **24** investment banking strategy sessions

## Information Security Management

The Group strictly complies with the *Data Security Law of the People's Republic of China*, *Network Security Law of the People's Republic of China* and other relevant laws and regulations of the domestic and overseas locations where it operates. An Information Security Management Committee has been established, with designated individuals responsible for information security in each department. Regular security meetings are conducted to evaluate risks and develop response strategies. We have also created and put into practice the *Measures for the Classification, Grading and Use Management of Information Assets*, which outline the standards for data classification and grading, along with handling procedures to ensure the comprehensive protection of the Company's information security. In 2024, the Group did not experience any major information security incidents or leakage of information from customers, employees, or partners.



### Information Security Audit

Led by the Information Security Committee, we conduct an information security audit once a month, covering aspects such as data storage, transmission, access control, employee operation specifications, and third-party supplier management. We focus on inspecting the management of data classification and grading, and evaluate the effectiveness of the access control mechanism to ensure the implementation of the principle of least privilege. At the same time, we will also conduct spot checks on employees' awareness and implementation of information security policies, aiming to further optimize the data security management process through internal audits. In addition, in accordance with the ISO 27001 Information Security Management System standard, we engaged a third-party professional institution to conduct a comprehensive information security audit in June 2024. The audit results indicated that the Company's information security system complies with the ISO 27001 standard, and no significant security risks were identified.

### Information Security Capacity Building

Every month, we thoroughly utilize both the online training platform and offline meeting rooms to conduct data security and privacy protection training for all employees. This training has yielded remarkable results; it has not only effectively enhanced employees' awareness of data security but has also significantly reduced the click-through rate on internal simulated phishing tests within the Company. In 2024, the information security training reached 100% participation among all employees, and the pass rate for the training examination was an impressive 98%. The training budget was approximately RMB 100,000, which covered curriculum development, lecturer fees, user incentives, and other related expenses.



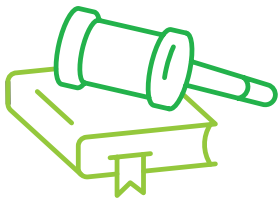


# Adherence to Business Ethics

Smooore strictly complies with all applicable anti-corruption, anti-fraud, anti-monopoly and anti-unfair competition laws, regulations and standard norms in the jurisdictions where it operates. It has formulated the *Anti-fraud and Reporting Management System*, which clearly defines the complaint reporting mechanism, applicable to the entire group, making every effort to create an honest and clean business environment and ensuring the Company's long – term development on a stable track.

## Anti-corruption Construction

The purpose of anti-corruption efforts is to regulate the professional conduct of the Company's directors, supervisors, senior management, middle-level management, and all employees. We strictly urge relevant personnel to abide by laws, regulations, industry standards, professional ethics, and the Company's rules and regulations. Our goal is to cultivate a positive atmosphere of integrity and diligence while preventing actions that could harm the interests of the Company and its shareholders.



### the Anti-fraud and Reporting Management System (Partial)

#### ● The Concept and Forms of Corruption

Corruption that damages the Company's legitimate economic interests refers to the improper acts committed by internal and external personnel of the company. In order to seek their own interests, they use illegal and irregular means such as deception to cause damage to the Company's legitimate economic interests and the legitimate economic interests of shareholders. The following situations are regarded as such corrupt behavior:

- 1 Accepting commercial bribes or kickbacks.
- 2 Transferring transaction matters that can enable the Company to make profits under normal circumstances to others.
- 3 Illegally using the Company's assets, embezzling and misappropriating funds, and stealing the Company's assets.
- 4 Causing the Company to make payments for false transaction items or assume debts.
- ... ..

#### ● Prevention and control of corruption

The Company's anti-corruption work adheres to the principle of focusing on prevention, advocates an enterprise culture of integrity and uprightness, and makes efforts to create an enterprise cultural environment for anti-corruption:

- 1 The Company's directors and management should lead by example and take practical actions to take the lead in complying with laws, regulations and various rules and regulations of the Company.
- 2 The Company's anti-corruption policies, procedures and relevant measures shall be publicized and educated in various forms within the Company. It is necessary to ensure that employees, on the basis of being familiar with relevant codes of conduct and rules and regulations, develop the habits of abiding by laws and disciplines and adhering to integrity and morality in their work, and resist the temptation of improper benefits.
- 3 Conduct anti-corruption training, education on laws, regulations, integrity and morality for new employees.
- 4 Inform customers, suppliers, institutions, etc., that have direct or indirect business dealings with the company in an appropriate form of the information that the company advocates compliance with laws and disciplines, integrity and morality, and firmly eliminates corrupt behaviors.
- 5 Establish channels for whistleblowing corrupt behaviors in the Company, which allow for both real -name and anonymous whistleblowing.
- ... ..

The Company's management assesses the corruption risks and establishes specific control mechanisms to reduce the opportunities for corrupt behaviors. This is mainly achieved through the following means:

- 1 Incorporate the corruption risk assessment into the enterprise risk assessment. The Company's management should identify and assess the risk of corruption at both the functional and business unit levels, assessing its materiality and likelihood of occurrence.
- 2 Implement control measures to reduce the opportunities for corrupt behaviors. The Company's management establishes and adopts measures to identify, prevent, and reduce the occurrence of corrupt behaviors. Anti – corruption control measures should be established at all levels and in all departments of the Company. These measures usually include the separation of incompatible job responsibilities, authorization and approval, and the review of work performance.
- 3 Establish necessary internal control measures for risk matters where corrupt behaviors may occur, such as false financial reports and unauthorized approvals. The measures include formulating management systems and drawing business process flowcharts, linking business and financial corruption risks with control measures, so as to establish and give play to a control mechanism at the source of corruption.

## Oversight of Ethics Issues

We have established an Internal Audit Committee, which serves as the executive body responsible for overseeing business ethics and corruption issues. Authorized by the Chairman of the Board, the Internal Audit Committee is responsible for supervising business ethics and corruption issues, making decisions on the investigation and handling plans for general corruption issues. At the same time, it reviews the investigation and handling plans for major corruption matters, providing strong support for the decision-making of the Chairman of the Board.

## Regular Audits of Ethical Standards

The Internal Audit Committee also evaluates the compliance of relevant personnel with business ethics standards during the implementation of regular audits and internal control assessment programs to ensure the legal and efficient operation of the Company's compliance system.

## Employee Training on Ethical Standards

We prioritize anti-corruption training and promotion as the cornerstone of the Company's integrity culture. Regular training on ethical standards is provided for all new employees and those in key departments. We continuously enrich the relevant courses and delivery methods of integrity education to further improve employees' compliance and anti-corruption awareness, thereby strengthening their ability to resist corruption. In 2024, the Company conducted 14 training sessions on ethical standards for new employees, with a total of 499 participants. In conjunction with investigated cases, integrity-based employment education was implemented for key departments and new hires. Additionally, experts from the public security department were invited to the Company to deliver lectures on corruption prevention and integrity-based employment, with the aim of reinforcing employees' awareness of corruption prevention and the avoidance of job-related crimes in their work.

## Whistleblower Protection

The Group places significant importance on both internal and external monitoring to ensure the smooth operation of whistleblowing and complaint channels. We have established various whistleblowing channels, including a dedicated telephone line, mailbox, email (including the chairman's mailbox), and our official website. We encourage our employees, suppliers, and other stakeholders to report any violations of laws, disciplinary actions involving the Group, or irregularities that contravene the Group's business ethics system, either openly or anonymously.

The Company's Internal Audit Department, as the primary institution responsible for anti-corruption efforts, serves as the designated body for receiving reports. In the case of significant incidents, whistleblowers who feel it is necessary to escalate their complaints to the Chairman of the Board may directly send their whistleblowing emails to the Chairman's email address. We are committed to safeguarding the legitimate rights and interests of whistleblowers. Through the establishment of the *Anti-Fraud and Reporting Management System*, we have clarified the mechanisms for complaints and whistleblowing, outlined the channels for reporting, and detailed the subsequent handling procedures. Additionally, we provide a comprehensive confidentiality and protection framework for whistleblowers, which includes managing the confidentiality levels of their information and materials, as well as ensuring the confidentiality of the processes involved in interviews and evidence submission. In 2024, the Group received a total of four valid reports with a 100% resolution rate.



### Whistleblowing and Complaint Channels

☎ Whistleblowing Hotline:  
18123940661

✉ Whistleblowing Email:  
antifraud@smooretech.com

🏠 Mailing Address:  
No.16, Dongcai Industrial Zone,  
Xixiang Street, Bao'an District,  
Shenzhen, China

# Governance for Sustainable Development

Smoores always adheres to the concept of sustainable development. While ensuring the stable operation of the group, it gives full consideration to ESG management, continuously improves the ESG governance system, incorporates ESG risks into the enterprise risk management and control system, listens to the suggestions and expectations of various stakeholders regarding the company's ESG aspects, and consolidates the foundation of the Company's ESG management.

## Sustainable Development Strategy

Guided by the corporate sustainable development strategy of "we lead sustainable development with concrete actions", the Group integrates the management concept of "stimulating self-motivation, cultivating talent in succession, co-creating and sharing" with our ESG efforts to continuously advance high-quality development and achieve the common and sustainable development of enterprises, environment and society.

## Board Statement

The Board of Directors, as the highest decision-making and monitoring body for ESG management, attaches great importance to the supervision and management of ESG matters. It takes charge of approving ESG management policies and strategies of the Group and integrates ESG consideration into business decision-making. Furthermore, through regular meetings, the Board reviews the progress of ESG objectives and manages ESG risk to ensure that the Group has adequate and effective management in sustainable matters.

## ESG Governance Structure

The Group has established a top-down ESG governance structure with clear separation of power and responsibility to effectively engage all departments in ESG work. The Board, as the highest decision-making body of our ESG work, leads the overall decision-making on ESG management. The ESG Committee, as the supervision and coordination layer, provides suggestions and assistance to the Board on ESG matters, and coordinates the implementation of the Board's decisions to ensure the effective execution of ESG vision, strategy, and governance. As an executive arm under the ESG Committee, the ESG Task Force is responsible for promoting the implementation of ESG management, ESG strategy and work plan to achieve our ESG objectives. Authorized by the Board, the ESG Committee teams up with the ESG Task Force to improve the ESG governance system, hold regular meetings to report ESG work progress. In this way, we constantly improve our ESG governance efficiency and strengthen the corporate risk management mechanism. In addition, the Group tries to integrate carbon reduction goals into strategic planning for corporate development and transformation. We try to incorporate product quality and safety, chemical safety, labor management, and other ESG work performance into our assessment elements to promote the orderly implementation.



The Board

- Take full responsibility for the Group's ESG strategies and reporting.
- Review and approve ESG reports on a regular basis.



ESG Committee

- Provide guidance for ESG matters and activities on behalf of the Board and set ESG-related objectives.
- Review ESG-related policies and measures, ensure their effectiveness.
- Ensure the compliance of the Group's ESG work with laws and regulations.
- Ensure the availability of the Group's ESG information to stakeholders.



ESG Task Force

- Take charge of identifying ESG-related risks and opportunities, execute sustainable development policies, processes, and management measures, and collect ESG-related information for ESG disclosure.

## ESG Risk Management


















The Group attaches great importance to ESG risk management. Based on the international COSO guideline and industry practice, we incorporate ESG risks (including climate change risks) into the corporate risk management system. Furthermore, the Board takes charge of managing significant ESG-related risks.

To combat climate change, we identify climate-related risks and opportunities in alignment with the Task Force on Climate-Related Financial Disclosure. We also formulate solutions to enhance corporate capability to resist climate-related risks. For details, please refer to the "Combat Climate Change" section in this report.

## ESG Key Actions







The Group adheres to the business philosophy of "customer first, leading product, sustainable branding". Based on our sustainable development strategy, we actively respond to the United Nations Sustainable Development Goals (SDGs) and facilitate harmonious development of the economy, environment, and society through operations and value creation. In line with the SDGs highly associated with our business development, we set ESG goals applicable to the Group and take active actions to implement ESG-related matters. With these efforts, we continuously boost the Group's sustainable development.



Section	Goals	Our Key Actions	Response to SDGs
 <b>Environment</b>	<ul style="list-style-type: none"> <li>Commitment to Scope I and Scope II carbon neutrality by 2050.</li> <li>Enhance the sustainable management and efficient use of natural resources.</li> <li>Drive recycling and reuse to reduce waste generation.</li> </ul>	<ul style="list-style-type: none"> <li>Identify climate risks and opportunities that have a significant impact on the company's finances; utilize scenario analysis to assess the Company's climate resilience.</li> <li>Established a comprehensive environmental management system with clear environmental management strategies and performance executive body.</li> <li>Adopted new low-carbon and environmentally friendly packaging materials and promoted packaging de-plasticization and reduction.</li> <li>Utilized LCA analysis methods to assess the environmental impact factors of products.</li> <li>Conducting water risk assessments of the Group's relevant production and operation sites; collecting and analyzing suppliers' water consumption data on a regular basis, and promoting suppliers to set up water conservation targets.</li> <li>Development of the VAPORESSO CARE – Global Energy Sustainability Program.</li> <li>100% compliance management of three waste emissions and obtaining emission compliance test reports.</li> </ul>	   
 <b>Product</b>	<ul style="list-style-type: none"> <li>Promoting the use of safe materials to reduce the use of hazardous chemicals.</li> <li>Commitment to responsible marketing.</li> <li>Continuously invest in research and development.</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers are required to provide Material Safety Data Sheet (MSDS) for chemicals that comply with national laws and regulations.</li> <li>Potential hazards are further reduced by adjusting product ratios and improving product processes.</li> <li>Information on the ingredients of the product, the chemicals involved and their safety is provided to consumers through product packaging, manuals and other channels.</li> <li>Organize regular training on responsible marketing; set up age verification for minors before website use on the official website of the Group's own brands.</li> <li>Continuously launching innovative products and winning several design awards.</li> </ul>	 
 <b>Employee</b>	<ul style="list-style-type: none"> <li>Provide employees with stable job opportunities, good working environment, competitive salary and benefits.</li> <li>Prohibition of child and forced labor.</li> <li>Any form of discrimination on the basis of gender, region, religion, nationality, etc. is prohibited.</li> <li>Creating value for society.</li> </ul>	<ul style="list-style-type: none"> <li>The rate of signing labor contracts is 100%.</li> <li>All employees are eligible for workforce eligibility for variable performance-based component to pay.</li> <li>Following the principle of "full scope conditional coverage", all regular employees have the opportunity to enjoy the stock incentive plan.</li> <li>Provide skills and knowledge development training for employees.</li> <li>External training is provided to employees through employee expatriation, introduction of external courses and certifications.</li> <li>Deeply committed to social welfare, participating in community assistance, education support and facility construction and other public welfare programs.</li> </ul>	    
 <b>Governance</b>	<ul style="list-style-type: none"> <li>Strictly comply with relevant applicable laws and regulations and operate in a compliant manner.</li> <li>Adherence to business ethics and elimination of corrupt behaviors.</li> </ul>	<ul style="list-style-type: none"> <li>Formulated the <i>Anti-fraud and Reporting Management System</i> applicable to the entire Group and made every effort to shape a clean and honest business environment.</li> <li>Establishment of the Internal Audit Committee as the executive body responsible for oversight of ethics issues.</li> <li>The Internal Audit Committee regularly conducts an annual audit of the Company's operating businesses, its own ethical standards, and its anti-corruption compliance system.</li> <li>Regular anti-corruption training for employees.</li> <li>Provide whistleblowers with confidentiality and protection mechanisms covering whistleblower information, classified management of whistleblower materials, confidential management of whistleblower interviews to provide evidence and other aspects of the process of confidentiality.</li> </ul>	 

## Stakeholder Engagement

Our group is committed to continuously optimizing the communication mechanism with stakeholders. Through conducting internal interviews, maintaining daily communication, and meticulously collecting and organizing daily information, we can promptly and accurately grasp the expectations and demands of stakeholders. Taking this as an important basis, we continuously improve and adjust our group's sustainable development strategies and plans. We have always regarded building a good interactive relationship with stakeholders as our responsibility, striving to balance the interests of all parties while achieving the enterprise's development goals, achieving win-win development, and moving forward hand in hand towards a sustainable future.

Stakeholders	Expectations and Requirements	Communication Methods and Channels
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Protect the basic rights and interests of employees</li> <li>Provide employees with career development opportunities</li> <li>Care for employees' physical, mental, and occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee interviews</li> <li>Employee training</li> <li>Corporate culture activities</li> <li>Performance appraisal</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>Protect the rights and interests of consumers</li> <li>Abide by business ethics</li> <li>Ensure product quality and safety</li> <li>Provide high-quality after-sales service</li> <li>Protect data and privacy</li> </ul>	<ul style="list-style-type: none"> <li>Customer complaint</li> <li>Customer satisfaction investigation</li> <li>Product exhibition</li> <li>The Group's website</li> <li>Social media (such as WeChat official account)</li> </ul>
 <b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>Maintain good and stable partnership</li> <li>Regular communications</li> </ul>	<ul style="list-style-type: none"> <li>Supplier assessment</li> <li>Bidding procurement</li> <li>On-site inspection</li> </ul>
 <b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Compliance marketing</li> <li>Disclose information promptly and accurately</li> <li>Ensure product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Investor conference</li> <li>Regular information disclosure</li> <li>Media publicity</li> <li>Interview, telephone, and electronic information</li> </ul>
 <b>Government and non-governmental organizations</b>	<ul style="list-style-type: none"> <li>Pay tax in accordance with law</li> <li>Comply with applicable laws and regulations</li> <li>Promote regional economic development</li> <li>Protect minors</li> </ul>	<ul style="list-style-type: none"> <li>Regular communication and report</li> <li>Policy Publicity and Implementation</li> <li>Supervision and inspection</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>Focus on the impact of production and operation on local areas</li> <li>Promote local economic development</li> <li>Protect environment</li> </ul>	<ul style="list-style-type: none"> <li>Charitable activities</li> <li>Promote green and low-carbon development</li> <li>Social media (such as WeChat official account)</li> </ul>



Assessment of Important Issues

In order to scientifically and efficiently identify and determine ESG issues, and comprehensively cover the key concerns and basic demands of both internal and external stakeholders of the company, Smoore continuously improves the identification and evaluation process of ESG issues. In 2024, we prioritized the issues from two dimensions: "Importance to Stakeholders" and "Importance to the Company's Development", screened out important issues, and disclosed them in the subsequent chapters of the report to respond to the demands of various stakeholders.

Sorting
 

Thoroughly analyze national strategic guidelines, industry policies, and the latest ESG development trends. Based on relevant domestic and international standard requirements, company strategies, expert opinions, etc., formulate issues for the issue database.

Identification
 

By distributing questionnaires to internal and external stakeholders, conducting internal interviews, and seeking expert consultations, etc., screen important issues from the issue database.

Ranking
 

Rank the importance from two dimensions: "Importance to Stakeholders" and "Importance to the Company's Development" to form an important issue matrix.

Audit
 

The Company's board of directors will finally review and confirm the material issues to be disclosed and report on them.



► Matrix of Important Issues



# Sustainable Environment

## Net Zero Commitment, Forging a Carbon-Neutrality Future

Smoore has always adhered to the development concept of “Lucid waters and lush mountains are invaluable assets.”, adhering to the commitment of environmental friendliness, and taking the response to climate change as a major mission to promote the construction of ecological civilization and achieve high-quality development. At the same time, we are actively promoting energy saving and emission reduction strategies, enhancing water resource management, and continuing to build green and low-carbon atomized electronic products from the level of the Company’s overall development strategy, and effectively fulfilling the main responsibility of the enterprise’s environmental protection.

○ Environmental Management System	21
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○ Efficient Resource Utilization	27
○ Control of Polluting Emissions	31
○ Focus on Green Products	32
○ Promoting Environmental Concepts	34

Responding to SDGs targets:





# Environmental Management System

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China* and other laws and regulations, and formulates and implements regulations and systems such as the *Procedures for Identification and Evaluation of Environmental Factors* and the *Procedures for Environmental Emergency Response and Response*. Based on the external regulatory requirements, internal rules and regulations as well as the actual production and operation situation, the Company has formed a sound environmental management system. In 2024, six factories under the Group passed the ISO 14001 environmental management system certification.

We have established a three-tier governance structure led by the Safety and Environmental Protection Department, managed by the Executive Director, and supported by each business department to ensure the smooth and effective implementation of the Company's environmental management initiatives. The Group's Safety and Environment Department is responsible for formulating and implementing the Company's environmental management strategy and performance management. It also establishes and implements the environmental management system while overseeing its execution. Additionally, the department assists each subsidiary in adhering to "three simultaneous" environmental protection regulations, ensuring compliance with the compliant treatment and disposal of waste, identifying and controlling environmental factors, providing timely warnings about relevant environmental risks, and efficiently addressing environmental issues within its operations.



Environmental Management System

Specialized Group on Environmental Protection

- Integration of professional advantages, the formation of environmental protection special group

Environmental Management Standards

- Revision of the *Environmental Factors Identification and Evaluation Control Procedures* institutional document
- Organize training on environmental standards
- Third-party certification and external oversight
- Establishment of environmental sewage accounts

Risk Management

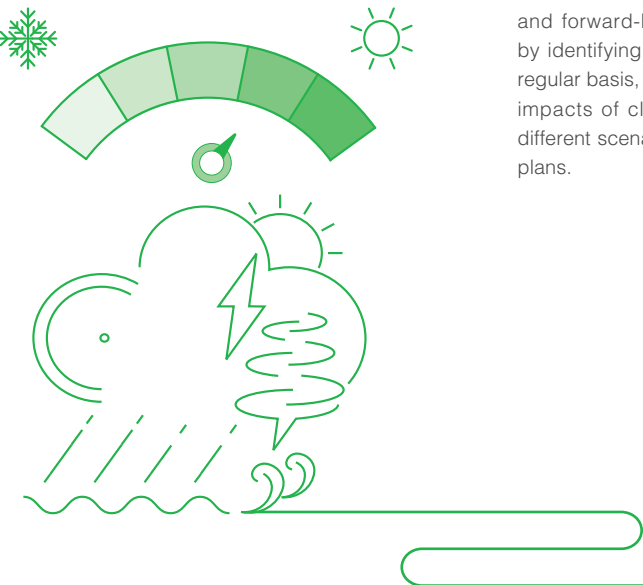
- Conducted environmental compliance risk assessments (compliance with regulatory requirements, identification of environmental factors, hazardous waste disposal compliance, etc.). 3,276 environmental factors were identified in 2024; 79 significant environmental factors were identified, and corresponding control measures were established and improved
- Regular monitoring of polluting emissions
- Promote the establishment of environmental emergency response plans for emergencies

Environmental Protection Special Inspection

- Carry out special environmental protection checks
- Corrective prevention, continuous improvement

# Responding to Climate Change

Climate change has become an important challenge to human society. The latest report of the Intergovernmental Panel on Climate Change (IPCC) points out that the impacts of climate change on human beings and ecosystems are far beyond expectations, and it is urgent for all countries to take action to combat climate change. Smoore actively responds to the national strategic goals of carbon peaking and carbon neutrality, continues to pay attention to the risks and opportunities brought by climate change, and fulfills our responsibilities and commitments with a firm pace.



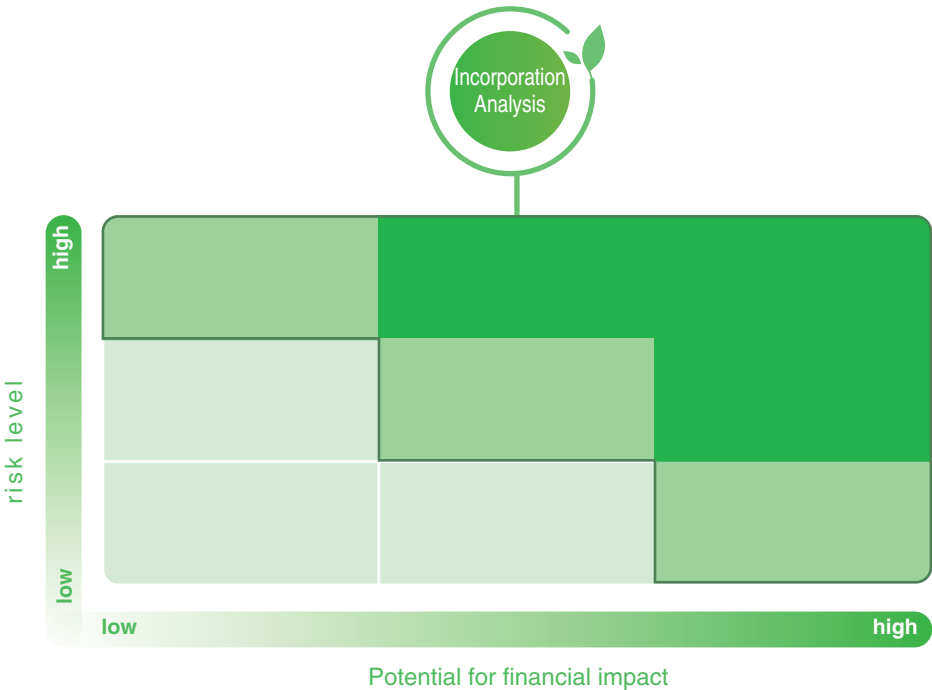
## Governance

The Board of Directors is the highest decision-making body of the Company's climate change management system, and climate governance is deeply integrated into the strategic decision-making system; the Board of Directors has set up an ESG Committee under the Board of Directors, which is responsible for formulating climate strategic plans, approving emission reduction targets and supervising the implementation path, and reporting to the Board of Directors on a regular basis, so as to ensure that climate issues receive the regular attention of the highest governance body; based on this, the cross-departmental ESG Working Group is specifically responsible for the execution of On this basis, a cross-departmental ESG working group carries out the management of climate issues, and realizes the Company's systematic planning and forward-looking deployment of climate risks by identifying climate risks and opportunities on a regular basis, analyzing and evaluating the financial impacts of climate risks on the Company under different scenarios, and formulating adaptive action plans.

## Strategy

The Group attaches great importance to the potential impact of extreme weather events triggered by climate change on the Company's business model and value chain. With reference to the regulatory requirements under Part D of the *Code on Environmental, Social and Governance Reporting* of the Hong Kong Stock Exchange, we have identified the physical risks and transition risks of the Company that have the potential to impact the Company, and conducted a materiality assessment of the climate risks and opportunities in terms of the three dimensions of likelihood, degree of impact and resilience.

Based on the identified climate risks and opportunities, the Company assesses the likelihood of the financial impact of climate risks and opportunities, taking into account its regional location, business characteristics and industry research.





## Physical and Transition Risk

### Physical Risk Scenario Analysis

In order to assess and measure the impact of extreme weather events triggered by climate change on the Company, we conduct regional climate scenario analyses for the identified physical risks and carry out a financial impact assessment for the physical risks with higher risk exposures.



### Physical Risk Climate Scenarios and Key Assumptions

We select the SSP1-2.6 low-emission scenario and the SSP5-8.5 high-emission scenario of the shared socio-economic pathway proposed by the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) (IPCC AR6) and set two time horizons, short – to medium-term (2030) and long-term (2050), to analyze and assess the changes in expected financial losses of the firms under different scenarios.



### Physical risk

Scenario name	Shared socio-economic pathways SSP1-2.6	Shared socio-economic pathways SSP5-8.5
Scenario Description	It is assumed that countries will reduce greenhouse gas emissions in accordance with the Paris Agreement, thereby controlling global warming in this century to no more than 2.0°C above the pre-industrial revolution (1850) and achieving sustainable development.	Assuming that countries do not implement greenhouse gas mitigation measures and that carbon emissions in 2100 are three times what they were in 2015, resulting in a global temperature increase of 4.4°C by the end of the century compared to the pre-industrial revolution, countries will need to implement climate adaptation and mitigation measures.
Temperature rise	Not more than 2.0°C	Near or over 4.4°C
Key assumptions	Assuming that business operations, asset size, and asset location remain constant, only the change in the company's expected financial losses under each scenario is analyzed.	

Type of risk	Changes in expected financial losses		
	Time nodes	SSP1-2.6	SSP5-8.5
 Extreme heat	2050	●	●
	2030	●	●
	2024	●	●
 Extreme rainfall	2050	●	●
	2030	●	●
	2024	●	●
 Typhoon	2050	●	●
	2030	●	●
	2024	●	●
 Coastal flooding	2050	●	●
	2030	●	●
	2024	●	●

Risk level: ● Low risk ● Medium risk ● High risk

## Transition Risk Scenario Analysis

In order to assess and measure transition risks arising from climate change, such as the impact of policy, technological, market and reputational changes on businesses, we conduct climate scenario analyses for identified transition risks and financial impact assessments for transformation risks with higher exposures.






## Transition Risk Climate Scenarios and Key Assumptions

We select the Net Zero 2050 scenario and the Current Policies scenario of the Greenhouse World scenario from the Ordered Scenarios proposed by the Central Banks and Supervisors Network for Greening the Financial System, to assess the potential financial impacts on firms due to transition risks in the medium term (2030) and the long term (2050).





### Transition risk

Scenario name	Ordered Scenario – Net Zero Emissions Scenario (Net Zero 2050)	Greenhouse World Scenario – Current Policies Scenario (Current Policies)
Scenario Description	Limit global warming to 1.5°C through rigorous climate policies and innovation, and achieve net-zero CO2 emissions by around 2040.	Assuming that only currently implemented climate policies are maintained and no additional climate action is taken.
Mid-century temperature rise	Not more than 1.5°C	More than 2°C
key assumption	Assuming that business operations, asset size, and asset location remain constant, only the change in the company's expected financial losses under each scenario is analyzed.	

Type of risk	Changes in expected financial losses		
	Time nodes	Net Zero Emissions Scenario	Current Policies Scenario
 Carbon pricing	2050	●	●
	2030	●	●
	2024	●	●
 Greenhouse gas mitigation pressure	2050	●	●
	2030	●	●
	2024	●	●
 Increased customer demand for services with low-carbon products	2050	●	●
	2030	●	●
	2024	●	●

Risk level: ● Low risk ● Medium risk ● High risk

Based on the above assessment process, we screened out the climate entity risks and transformation risks that have a high potential financial impact on the Company and developed corresponding response initiatives, the results of which are summarized in the table below.

Risk category		Timeframe	Potentially affected value chain links	Potential financial impact	Response
 Physical risk	Extreme rainfall, typhoon, coastal flooding and other extreme weather events	Short-term	<ul style="list-style-type: none"> <li>Production Operations</li> <li>Supply Chain Downstream</li> </ul>	<ul style="list-style-type: none"> <li>May cause damage to the infrastructure of the Company's manufacturing sites, resulting in disruption of operations and leading to asset impairment and increased operating costs.</li> <li>May damage the power grid and communications infrastructure, leading to safety incidents or forced interruptions in operations, which in turn increases operation and maintenance costs.</li> <li>It may cause disruptions in the operations of the manufacturer, which in turn may result in non-delivery of orders, leading to a decline in revenue from the main business.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a sound response mechanism and emergency plan for extreme weather risks, conducts regular emergency drills and training for natural disaster accidents, and improves the ability to respond to natural disasters.</li> <li>Adaptation to the risks of climate change as one of the priorities of the line ministries.</li> </ul>
	Extreme heat	Medium- and long-term	<ul style="list-style-type: none"> <li>Production Operations</li> <li>Supply Chain Downstream</li> </ul>	<ul style="list-style-type: none"> <li>On top of the hot summer weather, the increased frequency and duration of heat waves will lead to an increased demand for cooling, which in turn will result in higher electricity costs.</li> <li>Continued extreme heat may increase the risk of heat stroke for employees during commuting or production.</li> </ul>	
 Transition risk	Policy and legal risks	Short, medium and long term	<ul style="list-style-type: none"> <li>Production Operations</li> <li>Supply Chain Downstream</li> </ul>	<ul style="list-style-type: none"> <li>Increasing regulation of corporate carbon emissions around the world has led to an increase in the cost of carbon compliance, and companies will face compliance risks if they fail to meet regulatory requirements in carbon emissions management or fail to disclose carbon emissions and other information in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>Pay attention to the carbon emission policies and regulatory developments in the locations where it operates, in order to reasonably respond to the updates of policies and laws.</li> <li>Strengthen carbon inventory and carbon footprint management, and strictly comply with disclosure requirements to ensure compliant operations.</li> </ul>
	Technology innovation risk	Medium- and long term	<ul style="list-style-type: none"> <li>Production Operations</li> <li>Supply Chain Downstream</li> </ul>	<ul style="list-style-type: none"> <li>In order to reduce carbon emissions from products, the research and development and application of low-carbon innovative process technologies will be strengthened; the early phase-out of energy-consuming equipment may result in accelerated asset impairment and increased operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>Practice green production concepts in all factories and implement low-carbon atomized electronics production processes.</li> </ul>
	Market risk	Medium- and long term	<ul style="list-style-type: none"> <li>Production Operations</li> <li>Supply Chain Downstream</li> </ul>	<ul style="list-style-type: none"> <li>Due to the increase in consumers' awareness of environmental protection, if it fails to meet consumers' demand for green products, the Company may face the risk of shrinking its market share, which may in turn reduce its operating income from its principal business.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporates energy saving and environmental attributes into important considerations during the optimization of production processes for atomized electronics.</li> </ul>



## Climate Change Related Opportunities

Climate change not only poses risks, but also breeds new opportunities. Relying on our own strengths, we are actively taking a series of measures to address climate change, while seizing the new opportunities it may bring to promote the development of green and low-carbon industries.

Climate opportunity	Description of Opportunities	Time dimension	Response policy
Products & Services	Growing public preference for green products and services.	Medium- and long-term	We actively develop green products, climate-related risk solutions and services to meet market needs and promote sustainable development.
Policy support	The introduction of green policies such as carbon neutrality and clean energy has positively guided the market for green products and services, providing favorable opportunities for the Company to develop new markets and businesses.	Long term	With policy support, we further promote the development of green products, climate-related risk solutions and services to meet policy requirements and market demand and promote sustainable development.
Resource efficiency	Clean energy, energy-saving technologies, resource recovery, green power purchases, etc. can improve resource and energy efficiency.	Medium- and long-term	We vigorously develop clean energy, energy-saving technologies, resource recovery technologies, etc. to reduce energy and resource consumption. In 2024, the Company has purchased 29,350 MWH of green power, 10 times the amount purchased in 23 years, and is expected to reduce carbon emissions by 15,749.2 tons of CO <sub>2</sub> .

## Risk Management

The Group has constructed a comprehensive risk management system that is deeply aligned with its strategic objectives, and has incorporated climate risk management into the ESG governance framework through institutionalized and process-oriented means to form a three-tier top-down control mechanism. At the strategic decision-making level, the Board of Directors, as the body ultimately responsible for climate risk management, establishes a risk appetite framework through regular consideration of the risk tolerance level of the climate strategic objectives and assumes supervisory responsibility for the effectiveness of the risk management system. At the management and supervisory level, the ESG Committee serves as a specialized body to coordinate and promote the risk management implementation plan, report to the Board of Directors on a regular basis, and formulate a major risk mitigation plan. At the implementation level, an ESG working group is set up to carry out risk identification, assessment and response measures, and establishes a risk early warning system to monitor potential risk events in real time.

### Risk Management Process

We have identified physical and transition risks affecting our business segments by making research on climate change trends, domestic and international industry development and technological changes, benchmarking with peers, collecting stakeholders' opinions, and considering our own operating conditions and business characteristics. And we have developed a climate change risk list to describe these risks.



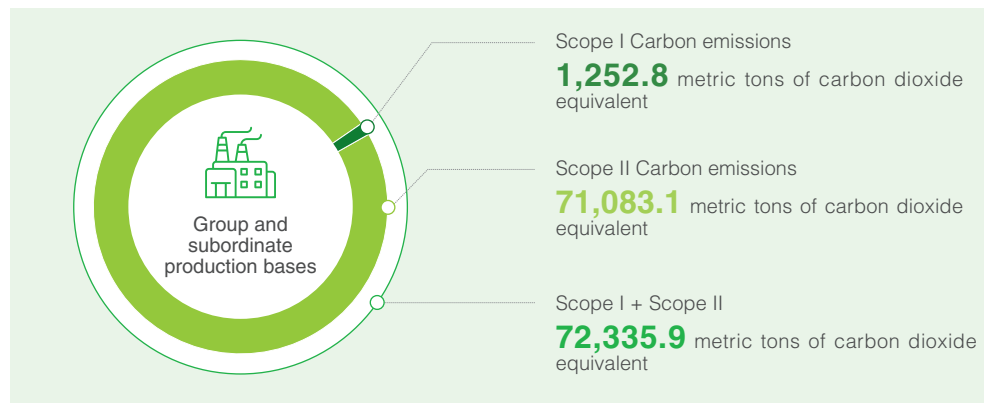
Using both quantitative and qualitative methods, we have comprehensively analyzed the possible impacts of climate change on the Group's procurement, production, operation, sales and other activities in terms of time horizon, impact intensity, and potential financial impacts. We have also ranked the identified climate-related risks in order.

Based on the results of risk identification and assessment, we formulate targeted measures, and regularly assess and monitor their effectiveness. We incorporate climate change risks into the Group's risk management system to promote routine management of climate change risks.

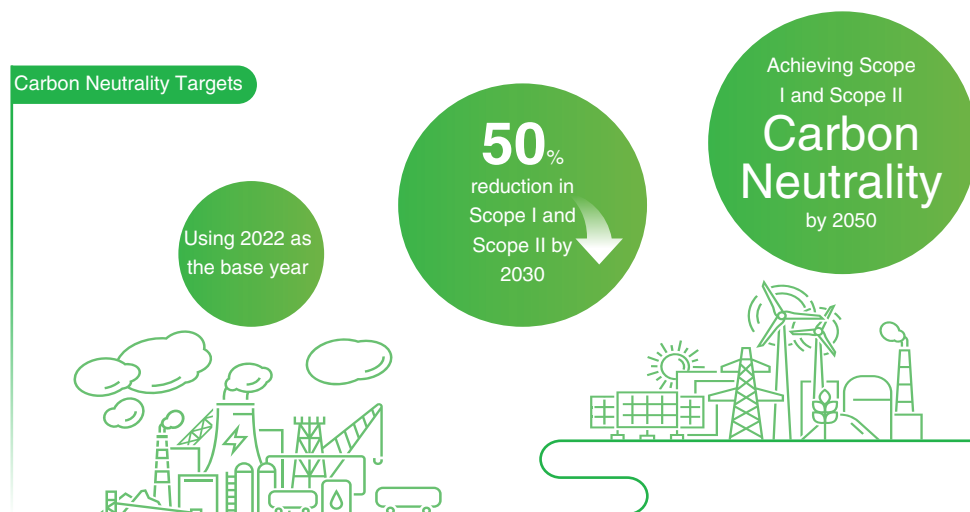


## Indicators and Targets

In order to effectively manage its own greenhouse gas emissions, the Group conducted greenhouse gas identification, assessment and verification in 2024. The Company's verification covers the Group and its subsidiaries' production bases, and covers both Scope I and Scope II.



We are committed to achieving carbon neutrality by 2050 and will continue to increase the proportion of renewable energy used in our operations, aiming to achieve 50% of our energy consumption from renewable sources by 2030. To ensure that our carbon neutral planning is on the ground, we submitted our science-based carbon targets in January 2025 to SBTi (Science-Based Carbon Targets Initiative).

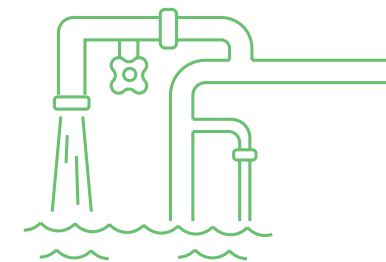
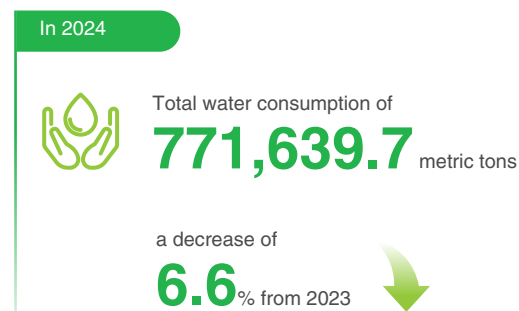


## Efficient Resource Utilization

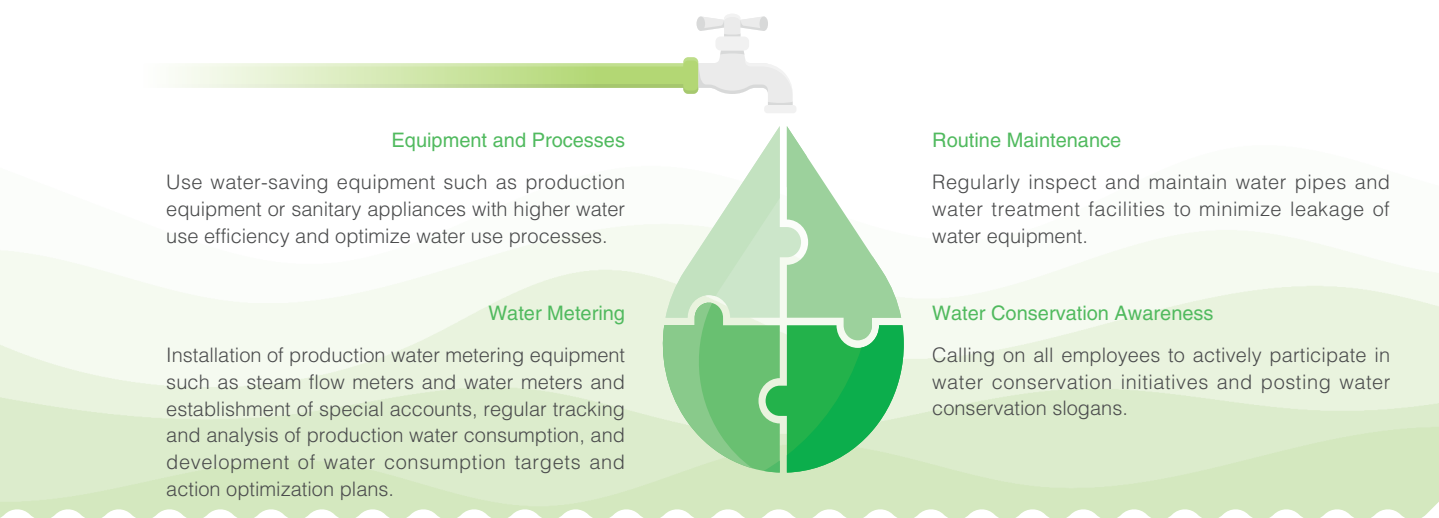
Sticking to the principles of resource conservation and efficient utilization, Smoore enhances the management of materials, packaging, energy, and water resources. The Company actively explores the application of green production processes and sustainable packaging materials, designs eco-friendly products, and extends its management practices to the supply chain. These efforts comprehensively contribute to the development of a resource-saving society.

## Water Resources Management

The Group has integrated water resources management into its ESG management strategy. The Board of Directors is the highest decision-making body for water resources management and is responsible for considering the strategic direction of water resources management. As the CEO, the Chairman of the Board is deeply involved in key deliberations relating to water resources management and leads the Group in controlling water resources strategy; the ESG Committee is responsible for formulating and implementing the Company's water resources management strategy, defining milestones and implementation paths; setting up and perfecting the water resources management performance evaluation system, and conducting quantitative assessments of the effectiveness of the Company's water resources management on a regular basis; the ESG working group is responsible for the implementation of the water management strategy, such as the development and implementation of specific operational procedures and norms for water management, including production water scheduling, maintenance of water-saving equipment, wastewater treatment and other day-to-day matters; and the regular assessment of the performance of water management in each production and operation site. In 2024, we reduced our water consumption by 6.6% compared with the baseline in 2023.



Our electronic vaping manufacturing activities are non-water intensive and do not involve significant water consumption. Our water consumption mainly comes from office and living as well as some of our production processes. In order to achieve our water consumption targets on schedule and rationalize the management of our water resources, we have implemented water conservation measures to ensure that water resources are efficiently and fully utilized. Currently, the water used in our operations is mainly sourced from local municipal water supply systems.



Case

Water Conservation Highlight



Jiangmen Smoore Technology adopts an automatic-timed irrigation system for its outdoor green belts, which saved over **500** tonnes of water a year, with a water-saving rate of approximately

**50**%, compared to traditional irrigation systems;

Jiangmen Smoore Technology adopts a water recycling system for its landscape ponds, which saved over **100** tonnes of water a year, with a water-saving rate of around **30**%;

The Group optimizes and adjusts water pressures and water flow rates of faucets in all restrooms, which saved over **20** tonnes of water a year, with a water-saving rate of over **3**%.

We attach great importance to water risk management. In 2024, we set water resource management targets, conducted regular annual assessments of water use at all production and operation sites, and continued to optimize water use efficiency, strictly controlled the impact of our production and living activities on water resources, and minimized the impact on water resources ecology. During the reporting period, no significant water resources management risks were identified.

We continue to deepen the construction of the supply chain water resource management system, and work with suppliers to implement water-saving process upgrades and the application of recycled water utilization technology. We assess the implementation of water conservation measures by suppliers through special surveys, collect and analyze water consumption data from suppliers on a regular basis, and promote suppliers to set up and achieve water conservation targets.

## Energy Management

The Group strictly complies with the *Energy Conservation Law of the People's Republic of China*, *Measures for the Administration of Energy Conservation of Key Energy Consuming Units* and other laws and regulations, along with relevant policy mandates. We also formulate and implement regulations and systems such as the *Energy Management Handbook*, *Energy Evaluation and Control Procedures*, clarifying the responsibilities for energy management of each department and position. Based on its actual production and operation situation and external regulatory requirements, the Company integrates energy-saving and consumption-reduction goals into the whole process of production and operation and all links.

Energy management target

Comprehensive energy consumption per unit of product decreased by **1** % year-on-year compared with the base year (2022).

The Company continues to establish a sound energy management system and gradually realizes standardized, saving, and refined management of energy through the introduction of an energy management system, the establishment of energy-saving and emission-reduction accounts, and the organization of internal audits on a regular basis. Two of the Group's factories passed the certification of ISO 50001 energy management system.





Energy Management Measures

Optimization of production processes and equipment renewal

- Adopting advanced energy-saving technology:** Introducing energy-efficient production equipment and technology to reduce energy consumption per unit of product and improve production efficiency.
- Improve the production process:** Optimize the production process, reduce the energy-wasting links, and realize the efficient use of energy.
- Regular equipment maintenance:** Establish a regular maintenance and repair system for equipment to ensure that the equipment is in good condition and reduce energy consumption.

Energy saving and green office

- Laboratory optimization:** Laboratory instruments are available 24h without stopping, and based on testing and analysis, machines that can be stopped when no one is available are optimized and improved to reduce power consumption.
- Optimization of production factories:** During factory operation, improvements are made to unoccupied office areas, such as warehouses and large areas with lights on, to reduce power consumption by turning on some of the lights and other measures.
- Office environment optimization:** Strengthen office environment management, advocate employee to save electricity and water, and create a green and low-carbon office atmosphere.

Energy monitoring and statistics

- Establishing an energy monitoring and statistical system to monitor and analyze energy consumption in real time and provide a basis for energy-saving decision-making.

To foster energy conservation, we have established a prominent thematic bulletin board within the Company dedicated to low-carbon and energy-saving initiatives. This board is regularly updated with content aligned with National Low-Carbon Day and Energy Saving Awareness Week, aimed at disseminating pertinent knowledge. Additionally, we have organized both online and offline interactive communication activities, including knowledge competitions and discussions facilitated through internal network platforms and social media. Furthermore, we have coordinated practical initiatives such as green travel and the promotion of energy-saving products to cultivate an environment conducive to low-carbon and energy-saving practices, thereby encouraging our employees to actively engage in these concepts.

Case

Lighting and Air Conditioning Energy Efficiency Retrofit Project

In 2024, we built an automated energy-saving management system to digitally transform the project's main power-using equipment (lights, air conditioners, screens, etc.) for energy conservation oriented to user behavior. By deploying a variety of sensors such as millimeter wave radar, temperature and humidity, and illumination, we monitor the presence of unoccupied space and environmental parameters in real time, and realize the automatic switching and adjustment of air conditioning, lighting, and other equipment in all spaces through a variety of automatic management strategies. After remodeling, the comprehensive energy-saving rate is expected to be 20%.

Case

Jiangmen Base Factory Energy Saving and Consumption Reduction Improvement Project (Partial)

Cumulative savings in electricity costs for the year amounted to RMB 2.15 million for all projects

Changing the billing mode to the Power Supply Bureau by studying the power market policy and analyzing the power data from the energy management system of the Jiangmen base factory. This change reclassified the current category of power consumption from amount of energy consumption to demand for energy consumption, with saving RMB 1.516 million in annual electricity cost.

Ice storage utilizes nighttime hours when electricity prices are lower to make ice, storing the cold energy and then releasing the cold during peak daytime hours, saving RMB 380,000 in annual electricity costs.

The Refrigeration station melting ice plate exchange pump was relying on differential pressure control operating frequency (250 kW/set). After usual operation observation, it was found that, regardless of the end of the cold load demand changes, the pump operating frequency basically remained at 45 Hz operation; there was a waste of energy. Through the optimization of the analysis of the control logic of the chilled water temperature control, the chilled water supply and return temperature difference of 5°C to maintain a stable frequency of 30 Hz operation, reduce the unreasonable control caused by the chiller pump running waste, annual savings of RMB 80,000 in electricity costs.

## Use of Auxiliary Materials

The Group has formulated and implemented the *Provisions on Saving Resources Management* and continued to promote the strategy of material cost reduction. In particular, in the area of non-production auxiliary consumables, we have enhanced the utilization rate of materials through multiple means, such as technological innovations, program optimization and linkage of digital production systems.

We actively implement fine management, through WMS, MES, SCADA and other digital production system linkages, to achieve real-time control of material placement and accurate feeding to reduce material waste; and in the event of abnormalities in the production site, we can provide timely warning and control of the material system to reduce the loss of materials caused by the abnormal situation.

Reduce the Amount of Material Used

With the intensifying market competition and increasing cost pressure, the Company has made the improvement of auxiliary consumable material utilization rate one of the key tasks of cost reduction and efficiency enhancement in 2024. We have continued to promote our material cost reduction strategy, especially in the area of non-production auxiliary consumables. Through technological innovation and solution optimization, as well as close cooperation with our suppliers, we have redesigned the structure of trays while using the blister process instead of the injection molding process, which has significantly reduced the amount of material needed to make trays and lowered costs.

80% reduction in the cost of individual pallets through structural design optimization and process optimization of the pallets

Injection molding suction cups
 Blister packs

Excipient Reduction

The Company uses medical alcohol and other excipients in the production process of electronic nebulizers, in order to improve its utilization rate. We have carried out a special improvement for the large amount of alcohol auxiliary materials. The project team have analyzed and optimized the use of alcohol in the production process and the way, after repeated tests to determine the best cleaning process, not only to ensure product quality, but also to save the amount of alcohol. Through the alcohol consumption special improvement project, the improved cleaning method is formed into a standard operation method and promoted online in all products, which reduces the alcohol consumption per unit of product by 65.2%, significantly saving production costs.

Reduction of the alcohol consumption per unit of product by 65.2%



# Control of Polluting Emissions

Smooore is highly concerned about the environmental impact of the emissions generated during the production and operation processes. To this end, we have established strict and detailed management systems and control processes for emissions of waste gas, wastewater, and waste, and ensure that all pollutant emissions are in compliance with national and local environmental regulations and emission standards through regular monitoring of emissions and periodic supervision and inspection.

## Wastewater Management

The Group abides by the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and has formulated and implemented the *Wastewater Management Regulations* to regulate the management of production wastewater, domestic wastewater and surface rainwater. At the same time, we carry out regular maintenance and repair of water treatment facilities and channels, carry out sewage declaration in compliance with the law, and regularly invite third-party testing organizations to test production and domestic wastewater, so as to effectively prevent the pollution of water resources. In 2024, the Group discharged a total of 605,426.7 metric tons of domestic wastewater. Of this amount, 0.09083 metric tons of COD, 0.02371 metric tons of NOx and 0.01853 metric tons of BOD.

Wastewater Classification	Source of Wastewater	Major Categories	Processing Method
Industrial wastewater	Cleaning process wastewater, cleaning wastewater from laboratories.	Dirty oil, waste chemical reagents, etc.	Collected centrally as hazardous waste and entrusted to qualified hazardous waste dealers for removal and disposal.
Domestic wastewater	Office and domestic water	BOD, ammonia, total phosphorus, SS, etc.	After being treated by grease trap and septic tank, it is incorporated into the municipal drainage network and handed over to the local sewage treatment plant for treatment.
Rainwater on the ground	Rainfall	SS, Chemical oxygen demand (COD), sulfide, etc.	Implement rainwater and sewage diversion.

## Waste Gas Management

The Group has formulated the *Regulations on Waste Gas Management* in strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Air Pollution* and the *Emission Standard of Odor Pollutants*. In our production activities and daily living, we have established waste gas treatment facilities that comply with relevant standards for all processes that generate waste gas. We conduct regular inspections annually to ensure absolutely compliant emission of waste gas. In addition, we use environmentally friendly glues that do not generate volatile organic compounds (VOCs) and replace alcohol solvents with water-based solvents to reduce the emission of waste gas during production.

Case

### Carrying Out Environmental Improvement Works to Enhance the Efficiency of Waste Gas Disposal

In order to improve the efficiency of waste gas disposal, in November 2024, we carried out the renovation project of waste gas treatment facilities. Combined with the professional Company's program and the actual factory, we finally adopted the way of **repairing the spray tower, increasing the water mist removing cabinet + replacing the activated carbon + installing induced draft fan** at the end to carry out the renovation of the project, the project was completed on November 20.

## Waste Management

The Group has formulated the *Regulations on the Safe Management of Hazardous Wastes* in strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Measures on the Management of Hazardous Waste Manifests*, the *Soil Pollution Prevention and Control Law of the People's Republic of China* and other relevant laws and regulations. We have conducted compliant classification, collection, storage, and disposal of solid wastes while striving to promote the reduction, recycling and resource utilization of solid wastes.

To reduce solid wastes, we strive to improve product qualified rates and reduce scrap rates, thereby decreasing waste generation. Additionally, we focus on promoting environmentally friendly pod-based atomized products, and continuously increase the number of puffs of disposable atomized products by innovating technologies, to effectively extend product life cycle and then reduce wastes. With regard to the recycling and resource utilization of solid wastes, we recycle ceramic coil residues for reuse in production, collect recyclable general solid wastes, and hand them over to qualified third-party organizations for waste treatment and resource utilization. We also actively design a solution for the disassembly of atomized products, establish and improve a system for the disassembly, recycling and reuse of atomized products.

Waste Gas Classification	Source of Waste Gas	Major Classification	Processing Method
Waste gas from production activities	Production of atomised products, laboratories	Particulate matters, VOCs, non-methane hydrocarbon (NMHC)	Collect centrally and discharge them through 15 – meter waste gas pipe after UV photolysis, activated carbon adsorption, treatment in water scrubber and other waste gas treatment facilities.
Waste gas from daily living	Canteens	Oil fume	Collect centrally, and discharge them after treatment by canteens' oil fume purifiers.

Solid Waste Classification	Hazardous solid waste		General solid waste	
Source of Solid Waste	Production of atomized products		Production of atomized products, office, daily life	
Major Categories	Waste smoke oil, smoke pipes and atomizers		Recyclable production residuals, metal, paper shells, cardboard boxes and so on	Non-recyclable industrial wastes, food wastes and other domestic wastes
Processing Method	Establish hazardous waste storage rooms, take anti-leakage measures, post hazardous waste labels, and entrust third-party professional organizations qualified for hazardous waste treatment to ensure absolutely compliant treatment of hazardous wastes. Execute the process of making declaration of hazardous waste generation, storage, transfer and acceptance by treatment parties according to requirements of relevant laws and regulations		Reused for production or sort and categorize before handing them over to qualified parties for recycling and treatment	Collect them centrally, and hand them over to local city appearance and environmental sanitation administrative department for transportation and treatment



# Focus on Green Products

In accordance with the international standard ISO 14040, Smoore identifies the environmental impact factors<sup>1</sup> to be considered in the LCA analysis of a product. And we systematically evaluate the environmental impact of products throughout their life cycle. At the same time, we are committed to incorporating environmental impact factors into the development and production of our products in order to minimize the impact of our products on the environment.

## Water footprint management

- Based on the international standard ISO 14046, we quantitatively assess water consumption over the entire life cycle of “extraction of raw materials – production – use – disposal”.
- Reduce the water footprint of products through the application of water-saving technologies in the production process, synergizing with the supply chain, and other initiatives.

## Carbon footprint management

- We have effectively reduced the carbon footprint of our products through measures such as removable design of product batteries, creation of solar-powered open products, and use of green materials.

## Green Product Packaging Showcase (Partial)

The Group is actively exploring new recyclable or biodegradable environmentally friendly materials to create sustainable products. We have built a product ESG material library to select and validate PCR (renewable plastics) and bio-based materials on the basis of meeting the functional requirements of our products, in order to support the subsequent application of new environmentally friendly packaging materials, which will simultaneously reduce the carbon footprint of our products, demonstrating the Group's commitment to a green and low-carbon transformation.

Case

Paper Eco-friendly Packaging

De-plasticization  
100%

Carbon reduction benefits of  
80%

Case

Battery Removable Design

340mAh

530mAh

720mAh

Total carbon reduction of about  
1,012.6  
tCO<sub>2</sub>e in 2024 through  
battery removable design

1 Environmental impact factors include: global warming potential (GWP), eutrophication potential (EP), water footprint (m³), ozone depletion potential (ODP)

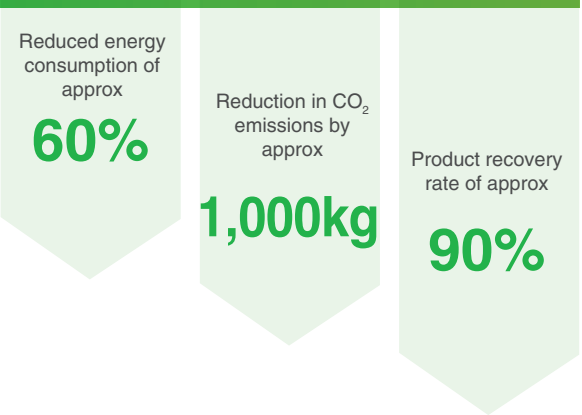
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Case

Solar Open Products – ECO NANO SOLAR

In 2024, VAPORESSO CARE has launched the Global Sustainable Energy Empowerment Program, aiming to promote the popularization and practice of environmental protection concepts through innovative technology, and to help the world reduce carbon emissions for environmental protection. The program has created the industry's first solar-powered open e-cigarette product – ECO NANO SOLAR, an e-cigarette that combines environmental protection concepts with innovative technology. Its biggest highlight is the built-in solar charging function, which can utilize the sunlight to charge the device and reduce the reliance on traditional power sources.

ECO NANO SOLAR per 100 compared to traditional e-cigarettes:



Integrated energy storage

The first solar photovoltaic panels and batteries integrated energy storage system, the system module can be stripped as a whole; the photovoltaic energy storage system can be 100% recycled as a whole; batteries and photovoltaic panels can be dismantled independently, significantly reducing the risk of heavy metal pollution.

Product mix innovation



Modular design

Module structure design instead of integrated structure design. The photovoltaic power supply, screen display, atomizing core and shell are all independent modules, which can be freely disassembled and replaced, prolonging the life cycle of the product and reducing wasteful loss.

Use of environmentally friendly materials



Photovoltaic materials

The industry's first application of OPV-PSCs stacked photovoltaic manufacturing technology to forge organic degradable composite energy storage battery. Natural degradable organic photovoltaic material is effectively combined with high-energy original conversion chalcogenide optical material, so that the whole photovoltaic charging panel can achieve a degradation rate of over 80% while possessing an ultra-high photovoltaic conversion efficiency of 26%; the discarded organic photovoltaic substrate can be completely degraded in the natural environment, which greatly enhances the environmental friendliness.



Environmentally friendly materials

The whole machine adopts advanced low-energy environmentally friendly materials in many places, covering high-purity green aluminum alloy, recycled glass, organic cotton, PCTG and other environmentally friendly materials, environmentally friendly materials accounted for more than 70% of the machine, the manufacturing process can save 60% of the energy consumption, energy saving and emission reduction performance is far superior to the traditional e-cigarette equipment; low-energy environmentally friendly materials, the product reduces the CO2 emissions by about 40%.



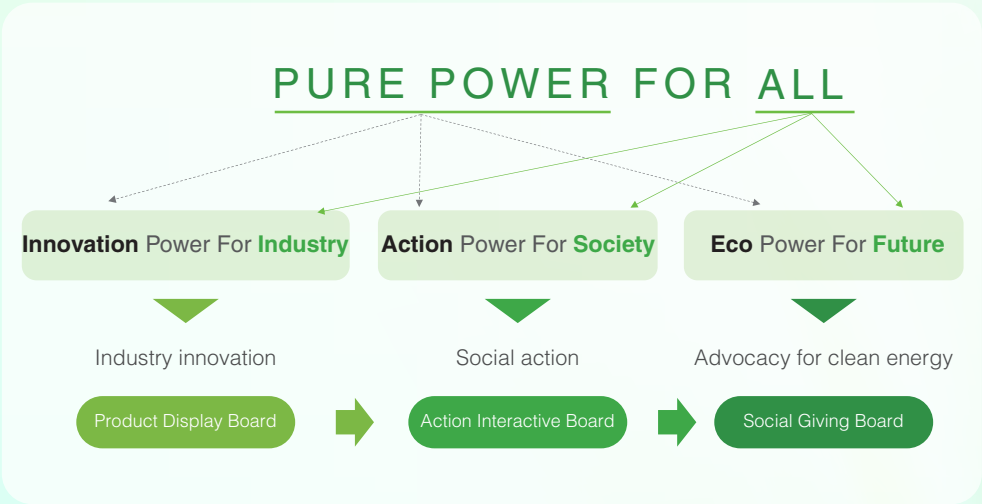
# Promoting Environmental Concepts

The acquisition, application, and promotion of sustainable clean energy are essential to the world's green future and the development of sustainable lifestyles. Through the VAPORESSO CARE program, Smoore is committed to advancing the world's environmental protection process, reducing the world's dependence on traditional energy sources, and helping to reduce carbon emissions.

## VAPORESSO CARE – Global Program for Energy Sustainability

VAPORESSO CARE leads the industry to think about the use of new energy in the future through its innovative new energy product – ECO NANO SOLAR, utilizing innovation to drive the development of the industry and promote the overall economic transformation of the industry. At the same time, VAPORESSO CARE will build online and offline green energy promotion interaction, online and offline activities, to promote the industry users to raise environmental awareness, and drive more people to participate in sustainable development actions.

Official Online Interaction



Innovation Power For Industry

The 2024 VAPORESSO CARE program has created the industry's first solar-powered open e-cigarette product – ECO NANO SOLAR; ECO NANO SOLAR is an e-cigarette that combines environmentally friendly concepts with innovative technology. Its biggest highlight is the built-in solar charging function, which allows you to utilize the sunlight to charge your device, reducing your dependence on traditional power sources.

Action Power For Society

- Official Website Activity Area
 

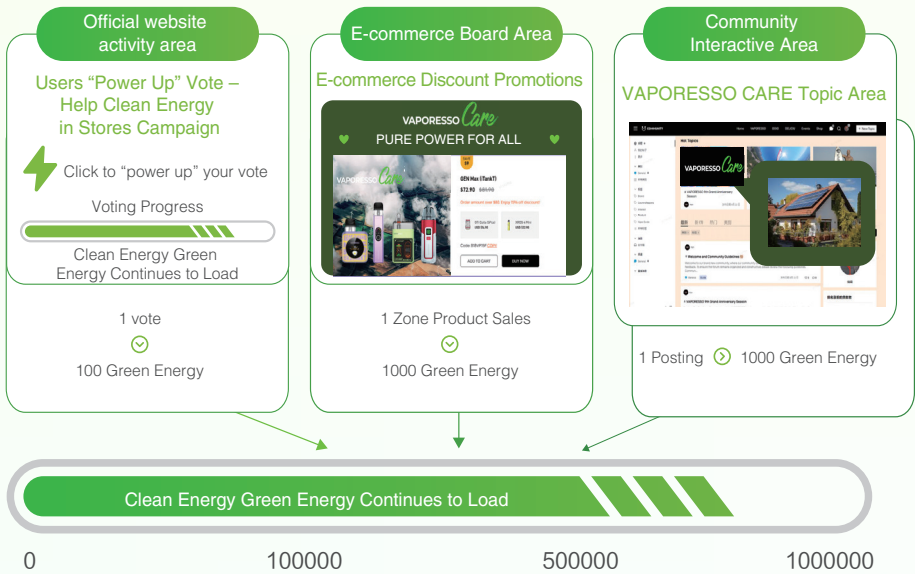
Users can vote for the Clean Energy in Shops campaign by clicking the one-click “Power Up” button. Each vote can earn 100 green energy, and the voting progress will be displayed on the activity page, so that users can clearly understand the current voting situation.
- E-commerce Board Area
 

Engage users through e-commerce discount promotions. For every sale of a product in the zone, 1,000 green energies will be awarded. This type of promotion not only increases product sales, but also increases user participation and interaction while contributing to the development of clean energy.
- Community Interactive Area
 

There is a VAPORESSO CARE topic area to encourage users to post and interact. For each posting, users can earn 1,000 green energy. In addition, users' interaction data (e.g. likes and comments) can also bring green energy to users, with each interaction data earning 100 green energy, while also providing users with more opportunities to learn about and participate in clean energy activities.



Triple Grid Helps Power Clean Energy to 1,000,000, VAPORESSO Brings Clean Energy to 50 U.S. Stores

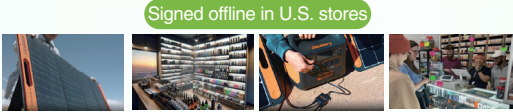


Eco Power For Future

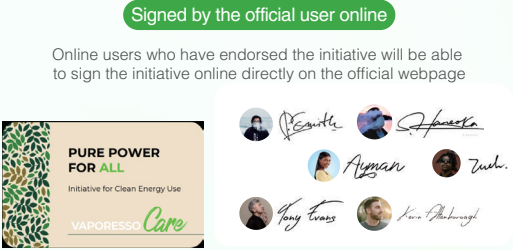
In order to create a greener and more sustainable future, VAPORESSO will launch the "Green Future" Clean Energy Initiative signing campaign.

Effect of online activities:

- 3,300 people on the official website participated in the online activities, and remotely assisted the new energy into the store activities;
- 550 people on the whole network participated in the online activities to sign the activities, and committed to adopt new energy ways of green life.



Signed offline in U.S. stores



Signed by the official user online

Online users who have endorsed the initiative will be able to sign the initiative online directly on the official webpage



Offline Activity Interaction

Store Retail Empowerment Activities

50 Stores Across the U.S. Participate in Clean Energy Theme



- Provide energy subsidies to 50 stores to increase the use of new energy in stores; 50 store owners together invite offline users to sign energy commitments, and more than 1,200 users make offline commitments.

3,000 Stores Across the U.S. Spread Clean Energy and Environmental Concepts



- New energy promotional materials in store coverage, green concept delivery over 60,000 people.

Store Energy In-store Activities

New energy into the store activities, the use of solar energy storage batteries, into the United States three stores, for a full day of energy replacement cumulative use of 30KWH solar batteries, cumulative reduction of 45KG carbon.



Online Environmental Promotion

Launched a sustainable lifestyle contest through social media, calling on users worldwide to share their new energy lifestyles. From clothing, food, housing, transportation and other areas of life, share their own life in the use of clean energy tips, in the form of graphics, video and other forms posted on social media.

Campaign effect:

- cooperated with 36 global crossover netizens
- released 38 video contents
- with a total broadcast volume of 3,143,934
- a total number of likes of 100,633



# Quality-Driven Innovation

## Synergizing Excellence, Forging Shared Value

Smoore adopts the mission statement “Atomization makes life better” and is committed to the continuous exploration of novel avenues in atomization technology innovation and application. We regard research and development, innovation, and the delivery of high-quality products as the fundamental catalysts for our growth. By developing a range of technological solutions, we are equipped to address the varied requirements of consumers concerning harm reduction and product quality.

- Drive Scientific and Technological Innovation 37
- Provision of Quality Products 43
- Guaranteeing Excellence in Service 45
- Strengthening Responsible Procurement 46

Responding to SDGs goals:





# Drive Scientific and Technological Innovation

Smooore understands that scientific research and technological innovation is the core engine of long-term development. We firmly focus on R&D, adhere to the strategic direction, continue to improve the R&D management system, adhere to the market- and product-oriented R&D strategy, continuously enhance the ability of innovation and R&D, and solidly promote the protection of high-quality patents, so as to shape the Group's long-term competitive advantage in R&D and innovation.


## R&D Platform

In accordance with its operational characteristics, the Group is committed to enhancing its research and development (R&D) and innovation framework. It maintains a focus on market- and product-oriented research and development strategies, while also striving to expand the iterative potential of electronic vaping technology in a more efficient manner. The Group's objective is to advance high-quality R&D initiatives, thereby ensuring a continuous and systemic influx of innovative vitality within the Company.

The Group has enhanced the effect of cooperation among Research Centers, Technology Center and functional departments concerning product development, marketing and so on, which makes the R&D projects more compliant, reliable and innovative. Empowered by R&D and innovation capabilities through coordinated development, we continue to provide products that can meet customer needs and market trends. Meanwhile, we accelerate the launch of new products and improve product competitiveness, thereby supporting our strategic business development goals. In 2024, the Group invested a total of about RMB 1,572,313,000 in research and development and had a total of 1,609 research and development personnel.

Research Centers
 

A number of Research Centers have been established to focus on basic research in new materials, innovative atomization technology, medical research, atomization mechanism and other fields.

Technology Center
 

The Technology Center is responsible for the full lifecycle management of R&D projects and the platform-based technology innovation.

Technology Industrial Center
 

The Technology Industrial Center focuses on the industrialization research on key materials and devices such as ceramic heating elements and the research and development of intelligent manufacturing equipment.

Product Development Team
 

Each product business unit has established its own Product Development Team, which leverages basic research results to create competitive products for customers based on market trends and customer demands.

The Group has built a complete comprehensive electronic vaping R&D technology platform, which enables the application of the atomization technology in more scenarios. Furthermore, the Group diversifies the layout of R&D and innovation with respect to fields such as electronic vaping products, heat-not-burn products, atomization products components for special purpose, and inhalation therapy and beauty atomization.

## Product Innovation

Leveraging our strengths in research and development and the integration of innovative technologies, the Group maintains high-quality requirements from product design to technology to provide our customers with high-quality electronic vaping equipment. Since its establishment, our products have been distributed to many countries and regions around the world, including the United States, Europe, and Japan.


Case

iF Award Winning Products

This product is a refillable e-cigarette that utilizes a 100% tobacco extract (non-synthetic oil) and incorporates a mouthpiece hygiene protection feature. Its primary objective is to offer users a vaping experience that is healthy, authentic, and hygienic, while also emphasizing sustainable design principles. Unlike traditional cigarettes, the tobacco-extracted medium replicates the flavor of conventional cigarettes without the harmful substances associated with combustion, thereby addressing user preferences and promoting a healthier alternative. In terms of design, the product retains the traditional cigarette filter, which enhances the familiarity of the oral experience during inhalation, thereby increasing user acceptance. Additionally, the upward-rotating body design effectively safeguards the hygiene of the mouthpiece, addressing a significant concern associated with similar products.







Case

MiEE Products, Awarded with the French Design Gold Medal

This is a vaping heating product that utilizes the four core technologies of extract plant essence, SMOORE sensory system, ceramic coil and accurate heating control. It integrates hybrid, HTP, and vapor functionalities into a single unit, offering three distinct product modes that facilitate a versatile range of user experiences. Furthermore, it is compatible with more than 80% of available heated sticks.

User experience

In terms of user experience, individuals have the flexibility to customize their selection of heating sticks according to personal preferences, as well as to choose from an extensive array of vape liquid flavors. Furthermore, the nicotine content is available in a diverse range, from 0 to 20 mg/mL, catering to the varying needs of users regarding nicotine consumption (it is important to note that the Japanese market mandates a nicotine content of 0). Additionally, the product is designed to produce a smoother smoke with a reduced odor, thereby maintaining the satisfaction associated with tobacco while minimizing residual smells and substances. To underscore the emphasis on personalization, we have adopted the tagline “My Choice, My Flavors, My Enjoyment.”

Nicotine delivery efficiency

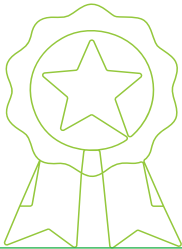
The product demonstrates a 50% enhancement in nicotine delivery efficiency relative to comparable products, attributable to its numerous vapor-generating mechanisms and an advanced temperature control system. Additionally, regarding pod utilization, a single liquid pod can be reused in excess of 20 times, significantly augmenting both the efficiency and cost-effectiveness of the product, thereby providing users with a more sustainable and effective experience.

Product quality and performance

In relation to product quality and performance, our offerings incorporate ceramic coil technology designed to mitigate leakage. Additionally, the products are outfitted with a high-performance battery that guarantees prolonged endurance. Notably, our products demonstrate superior control of harmful organic compounds (HOCs), achieving a reduction factor of 1.97 in comparison to other heated tobacco products (HTPs) available in the market. Furthermore, through the optimization of overall product performance, we have realized a 30% enhancement in efficacy relative to existing heated tobacco products, thereby delivering an improved and healthier experience for users.

Product design

In the realm of product design, the item that received the 2023 French Design Award is offered in a variety of colors, including black and navy blue. It features an intuitive interactive design that can be activated with a single slide. Additionally, the product is integrated with a smart display and concealed buttons, thereby enhancing the user experience through convenience and innovation.



Case

Revolutionizing Skincare: MOYAL launches with cutting-edge atomization technology

MOYAL Revolutionary Skin Care System launches in 2024. MOYAL is introducing a patent-pending skincare atomization device that allows serums to penetrate deeper into the skin than ever before – without invasive treatments or harmful side effects.

MOYAL’s hero product, the LOOM Atomizer, uses a patent pending two-phase atomization system to turn serums into microscopic particles, delivering powerful ingredients beneath the skin’s surface for optimal absorption and long-lasting results. Unlike traditional topical skincare, which often remains on the epidermis of the skin, MOYAL’s advanced system ensures that serums work from within the dermis, giving users visibly smoother, healthier skin in less time.



Case

VAPORESSO | VIBE

The VIBE product platform is designed to provide an optimal experience for single-use interface suction.

Mouthfeel

Comparable to disposable products, it exhibits a refined, dense, and robust consistency. It possesses an increased output power, facilitating more efficient atomization of the oil, which in turn produces a denser smoke and an improved flavor experience. Additionally, it features a larger heating area, rendering it compatible with a broader range of oil categories, thereby accommodating the preferences of diverse users. Furthermore, it enhances the translucency of the oil, contributing to a nuanced and rich taste profile.

Ease of Use

The product demonstrates several advantages in terms of user-friendliness, including its substantial capacity, adjustable features, convenient cartridge replacement, and robust endurance. Each pod has a capacity of 4.5 mL, which is sufficient to meet daily usage requirements and minimizes the frequency of refilling. Additionally, the device incorporates a dual-channel compatible design that allows for simultaneous adjustment of both the output and air channels, thereby accommodating various usage scenarios and seasonal preferences, thus enhancing the overall user experience. Furthermore, it utilizes the MEGA BATT long-lasting battery core, which ensures prolonged usage and reduces the necessity for frequent recharging.

Design Aesthetic

The overarching aesthetic is characterized by a youthful and contemporary appeal, incorporating geometric forms such as poles and boxes. The design emphasizes integration by employing screen display interaction technology to enrich the user experience. In relation to color, materials, and surface treatment (CMF), a diverse array of materials and innovative textures are utilized to address varying requirements.



International Awards for APV 2024 products (Partial)

Project Name	Award Categories	Award Level
 VAPORESSO XROS 4 NANO	MUSE Design Awards	Platinum
 VAPORESSO XROS 4 NANO	London Design	Gold
 VAPORESSO ARMOUR G	International Design Awards	Bronze
 VAPORESSO GEN MAX & SE	International Design Awards	Honorable Mention
 VAPORESSO XROS 4 & MINI	Grand Prix Design	Silver
 VAPORESSO ARMOUR G	Grand Prix Design	Innovation Award
 VAPORESSO XROS 4 & MINI	German Design Award	Excellent Product Design
 VAPORESSO GEN MAX & SE	CMF Design Award	Design Award
 VAPORESSO XROS 4 NANO	CMF Design Award	Design Award

Display of Awarded Projects (Partial)



VAPORESSO XROS 4 & MINI



VAPORESSO XROS 4 NANO




VAPORESSO ARMOUR G




VAPORESSO GEN MAX & SE


Display of Certificates for Each Award Category




★★★  
 VAPORESSO XROS 4 NANO  
 MUSE Design Awards-Platinum




★★★  
 VAPORESSO XROS 4 & MINI  
 German Design Award – Excellent Product Design



★★★  
 VAPORESSO ARMOUR G  
 International Design Awards-Bronze



★★★  
 VAPORESSO XROS 4 & MINI  
 Grand Prix Design-Silver



★★★  
 VAPORESSO GEN MAX & SE  
 CMF Design Award – Design Award



## Digital Intelligence Empowerment

The Group has adopted the principles of lean manufacturing and has facilitated the cost-effective transformation of equipment through the application of digital intelligence technology. This approach has enabled a gradual transition from traditional lean methodologies and fully automated systems to the use of jigs and low-cost equipment, thereby significantly enhancing the automation coverage within the factories. In the production processes for ceramic and cotton core products, automation has been advanced across various stages, including assembly and both internal and external packaging. Consequently, the Units Per Person Per Hour (UPPH) for numerous products has increased by over 30%. Notably, the XD05-2 product has experienced a substantial improvement in UPPH, rising from 10 to 15.32, which represents an overall enhancement of 53%.

### Lean Manufacturing Targets



The initiative aimed at optimizing indirect personnel and enhancing the utilization rate of our manufacturing facility has led to an **8%** reduction in manufacturing costs compared to the previous year.

The implementation of lean improvement strategies, including the integration of automation, the establishment of a signage system, and the application of benchmarking practices, has led to an **8%** decrease in direct labor costs in comparison to the established improvement benchmarks.

The world's leading automated pod production line

China's first automated vaping device production line

To enhance production efficiency, we initiated a cross-factory special sharing and exchange program at the conclusion of July 2024. This initiative spanned a duration of two months and included participation from five factories. Each facility engaged in the sharing and exchange of exemplary projects to facilitate mutual learning. Ultimately, the five factories collectively identified a total of 243 projects for potential replication, of which 189 were deemed exemplary and suitable for mutual learning.



The five factories collectively identified a total of **243** projects for potential replication

of which **189** were deemed exemplary and suitable for mutual learning

### Modification and Upgrading of Production Equipment

In the context of the production model for disposable cigarettes, which involves small batch manufacturing across various categories, we integrate the structural attributes of our products with the expertise of our internal automation team. This collaboration facilitates the transformation and enhancement of our equipment, focusing on miniaturization, lightweight design, standardization, and flexibility. Regarding disposable packaging, we have conducted a comprehensive analysis and accumulation of data concerning the dimensions, materials, stiffness, and other characteristics of packaging materials, particularly in relation to candy bags and small boxes. This analysis has led to significant improvements in the versatility of our equipment, enabling rapid adjustments and transformations to meet the packaging demands associated with the swift transition between multiple product categories. In 2024, 14 sets of packaging equipment were transformed in the factories to save an investment amount of about RMB 2 million.

### Production and Operation Data Analysis Platform

In 2021, the Group initiated the digital transformation of its production and operational processes. By 2024, it successfully integrated several key business functions, including planning, ordering, production, procurement, warehousing, and logistics. The foundational infrastructure for this digitalization was established, and a data analysis platform for production and operations was developed. Subsequently, in October 2024, this platform was officially launched for trial use.

The platform is committed to the establishment of critical data indicators across a range of topics relevant to production operations, such as capacity, gross profit, costs, expenses, labor efficiency, quality, delivery, and inventory management. This initiative seeks to gradually integrate data-driven management practices into production operations. In 2024, the production operation data analysis platform successfully has introduced six thematic areas, which included 48 indicators and 13 signage board interfaces. Additionally, the engagement rate of authorized users within the Group attained 42.7%, accompanied by improvements in four key business indicators.


### Workshop on Efficiency Improvement of Key Products

In 2024, each operational unit systematically categorized products and identified critical factors, facilitated cross-factory collaboration to leverage high-quality technical resources, organized workshops, developed lists of improvements, and efficiently replicated accumulated experiences across similar products to enhance point-to-point efficiency. In addition to the workshops, the Production Operation Center consistently gathered exemplary improvement practices from each business unit and disseminated these practices through illustrated materials, conducting a total of nine distributions, which collectively resulted in a cost reduction of approximately RMB 1 million.

Industry Communication

Industry communication is the key driving force for enterprise innovation and research and development. The Group builds extensive and in-depth cooperative relationships with peer enterprises and scientific research institutions, and carries out exchanges in various aspects such as technical capabilities, international standards and product safety testing, to jointly explore the frontiers of the industry, share knowledge and technology, realize complementarity of advantages, and work hand in hand towards the path of win-win cooperation and development.

In April 2024, we engaged in comprehensive discussions with the leadership of the Guangzhou Customs Department regarding extractables and leachables (E&L) as well as the safety of food contact materials.





In April 2024, we engaged in a training program focused on the e-cigarette industry, which was conducted by Underwriters Laboratories (UL).

In May 2024, we engaged in the joint annual academic meeting organized by the Professional Committee of Nanotoxicology and the Professional Committee of Respiratory Toxicology of the Chinese Toxicology Society. The meeting focused on the evaluation methods for inhalation toxicology and the testing protocols for e-cigarette products. The event provided an opportunity to acquire advanced knowledge in the domain of inhalation toxicology and aimed to improve the capabilities of toxicology testing laboratories in conducting safety evaluations..



Intellectual Property Rights

The Group strictly abides by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws, regulations and standards in the places where we operate, and has formulated internal systems such as the *Specifications on Full-process Management of Patents*. In terms of creation and protection of intellectual property rights, we deeply embed the protection work into the innovation system. We actively explore patent points in product and technology innovation, relying on the full life cycle management system, and successfully create a high-quality patent portfolio. In the face of infringement, we resolutely defend our rights, which strongly protects our freedom of business operation and consolidates our competitive advantages in the market. By 2024, we have filed a cumulative total of 9,253 patent applications globally, including 4,760 invention patents; the number of new patent applications filed globally totaled 1,558, including 893 invention patents.

We actively participate in the development of industry standards and play a leading role in intellectual property management, contributing to the promotion of the industry. In July 2024, we participated in the development and release of two group standards, namely, the *Determination of Nicotine, Atomization Agent, Menthol, Impurities and Nicotine-free Dry Particulate Matter in E-Liquid and Vapour Emissions*, and *Determination of Elements in E-Liquids and E-Vapour Emission—ICP-MS Method*, which provide a scientific basis for the quality control and safety assessment in the electronic cigarette industry. group standards, which provide a scientific basis for quality control and safety assessment in the e-cigarette industry. In addition, in December, we participated in the review meeting of industry standardization and national standards organized by the Flavors Fragrances and Cosmetics (TC 257), aiming to ensure that our products and raw materials are in compliance with the standards by participating in the formulation and review of the standards.



► Group Standard




► Standard-setting Review Meeting

# Provision of Quality Products

Smoores always regards the production of responsible products as the core task in the pursuit of excellence. In every aspect from research and development, production to sales, we strictly comply with laws and regulations. At the same time, we adhere to strict chemical management specifications and conduct rigorous evaluations of the selection of chemicals to ensure their safety and environmental friendliness.

## Product Quality Control

The Group has established a systematic and comprehensive quality management system and set up strict standards and control nodes in the whole process of raw material control, product design, product quality inspection and after-sales protection services, etc. The Group has formulated and issued a series of systems and processes, such as the *Quality Plan Control Procedures*, *Key Position Control Points*, *Regulations on Product Recall Management*, etc., and is committed to the goal of zero defects to provide customers with excellent products.

We set up a special audit team to conduct special on-site audits to improve compliance with standards and processes and on-site management capabilities. We conduct a comprehensive review of our quality management system every year to identify problems and take measures to ensure the effectiveness of the system's operation. In 2024, our quality management system has continued to pass the third-party system certification. Of all domestic and overseas factories, 11 factories have obtained ISO 9001:2015 quality management system certification and 8 factories have obtained GMP good practice certification.

### Product Design

We prioritize the use of safe and environmentally friendly materials at the product design stage, aiming to provide customers with safe and high-quality products. We fully consider the potential environmental impact of our products, actively incorporate green concepts into product design, and actively apply post-consumer recycled materials and other environmentally friendly materials.

### Raw Material Control

In terms of product raw material testing, we carry out testing tests on purchased materials, strictly evaluate the *Sample Commitment* for materials after mass production, assess the quality performance of suppliers, and control the quality from the source. In daily management, we follow the *Incoming Material Inspection Specification* to prevent unqualified raw materials from entering the production process, and guarantee the quality of product raw materials in all aspects.

### Quality Inspection

We set up a senior and professional quality team to control the quality of the whole process from incoming materials to shipments, inspect materials, semi-finished products and finished products according to the requirements of product quality planning, and carry out various types of performance and functional tests to ensure that the products meet customer requirements. We have established *Kappa Assessment Management Mechanism*, *MSA Measurement System Analysis Procedure* and *ORT Reliability Test Code of Practice* to strictly regulate the qualification of inspectors, inspection instruments and performance tests to ensure that the products comply with the national standard *Electronic Cigarettes* (GB 41700-2022), operate effectively without posing any safety hazards, and comply with the stipulated national safety standards.

Consequently, we have a testing center equipped with professional testing and analytical equipment, including environmental laboratories, ESD laboratories and other quality and performance testing laboratories. With the certification of China National Accreditation Service for Conformity Assessment (CNAS), the UL8139 certification and other certifications, the testing center can provide credible test data and results to prove the quality and safety of raw materials, and therefore ensures the quality and safety of the products. The testing center can conduct tests for 5 major testing fields and 525 testing items, among which 218 items have been approved by CNAS.

### Product Recall

We have formulated the *Regulations on Product Recall Management* to ensure that the problematic products that have been shipped are under control. We inspect and confirm the problematic products, fill in the *Product Recall Application Form* based on the information of the problematic products, formulate the corresponding treatment plan for the recalled products, send a contact letter or communicate by phone to the clients within 24 hours, notify the clients and distributors to stop selling and return them immediately, and follow up with the clients in a timely manner to return the problematic products within the deadline. In addition, we promptly process refunds or arrange replenishment for clients to protect their rights and interests. For the returned products, we store them in isolation and register the recalled quantity and specifications in detail.

We conduct a simulated recall exercise once a year to verify the effectiveness of the Company's recall procedures, identify relevant deficiencies, and form a recall exercise report (PPT) containing the model number, quantity, causes, conclusions, and treatment plan, etc. In 2024, the Group did not receive any product recalls.



## Quality Capacity Building

To enhance the quality competencies of factory personnel, we implement a variety of training and exchange initiatives. These efforts include meetings, visual information displays, and ongoing training and promotional activities aimed at reinforcing the eight dimensions of quality awareness. This approach seeks to deepen the connection between the quality consciousness and the behaviors exhibited by factory personnel.

From September to November 2024, the Group held a number of internal trainings including *Health and Safety Assessment of New Tobacco*, *Introduction to Corrosion and Protection in Electronic Cigarettes*, and *Study on Discoloration of Electronic Cigarette Oil*, etc., with the aim of enhancing the professional competence of our employees, optimizing the quality of our products, and promoting the safety of our products as well as technological innovations.



### Case Quality Capability Improvement Training

From September 2 to October 9, 2024, the Group implemented a training program aimed at disseminating the concepts and significance of the eight consciousnesses of quality. This initiative sought to foster a culture of quality and facilitate the application of these principles in practical contexts. The training encompassed the popularization of quality analysis tools and relevant standards, elucidation of the eight consciousnesses of quality, presentation of case studies, and instruction on specific work behaviors for employees and quality personnel. The outcomes of this training included not only an internal transformation of knowledge but also an enhancement of the capabilities of quality personnel in identifying abnormal risks, analyzing problems, and implementing improvements in practice.



► Quality Personnel Training

## Chemicals Management

The Group adheres strictly to the chemical management laws and regulations in all its operational locations. It has established and implemented internal systems, such as the *Procedures for Safe Management of Chemicals*, to oversee the comprehensive management of chemicals from requisition and storage to usage, disposal, and emergency disposal. All materials are required to comply with environmental protection standards. The Group is committed to continuously refining the management of hazardous substances throughout the processes of raw material procurement, product development, manufacturing, packaging, storage, and operations to guarantee that its products are free from prohibited hazardous substances.

The main ingredients of E-liquid are food-grade glycerine, propylene glycol, flavorings and nicotine. Atomization device consists of metal/plastic shell, vaping coil, electric core, battery, heater, coil resistor and so on.

### Identify Chemicals

We conduct thorough chemical identification across all our business operations. This includes identifying the fundamental components of tobacco oils as well as the different chemical substances utilized in the routine functioning of our production facilities. In order to further ensure the accuracy and completeness of chemical information, we strictly require suppliers to provide Material Safety Data Sheet (MSDS) that comply with national legal requirements. By using the detailed information on chemical composition, physical and chemical properties, potential hazards, and safety operation guidelines in the MSDS, we can more efficiently and accurately identify various types of potentially hazardous substances, and build a solid foundation for enterprises in the identification of regulated chemicals and overall chemical management.


### Harm Reduction of Chemicals

We refrain from using chemicals that are prohibited by laws and regulations when sourcing chemicals. We aim to minimize and limit the use of hazardous substances and seek to substitute highly dangerous chemicals with those that are non-hazardous or less hazardous. We control the entire process of hazardous chemicals, from procurement to disposal, in accordance with the *Safety Management System for Chemical and Explosive Hazardous Chemicals*.

For hazardous chemicals, we have not found any substances with carcinogenicity, teratogenicity, or mutagenicity, as well as persistence, bioaccumulation, and toxicity in the MSDS descriptions of the chemicals provided by our suppliers. However, we continue to optimize the ingredients in our existing hazardous chemicals, and with the help of our advanced R&D technology and professional research team, we further reduce the potential hazards by adjusting the ratios and improving the processes. At the same time, we are actively exploring and introducing safer and more environmentally friendly new materials to gradually replace the current chemicals that may pose certain dangers so as to continuously improve the safety and environmental friendliness of our products.

### Chemical Awareness

In our product promotion, we highlighted the technical benefits of the ceramic core, stating it offers “more puffs, smoother and purer” experiences. We also pointed out the unique design of the ceramic core, which lacks an oil reservoir cotton and contains fewer impurities. This information helps consumers grasp the technical principles and materials used in our product, leading to a better understanding of the chemicals involved. We have made significant efforts to minimize the release of harmful chemicals and enhance product safety. Additionally, we utilize packaging, manuals, and other resources to further educate consumers about the technical aspects and materials of our products, ensuring they are well-informed about the chemicals present and our commitment to reducing hazardous chemical exposure. We also provide thorough and detailed information regarding our products’ composition, the chemicals they contain, and their safety through various channels, including product packaging and manuals.



► Product Packaging Labeling

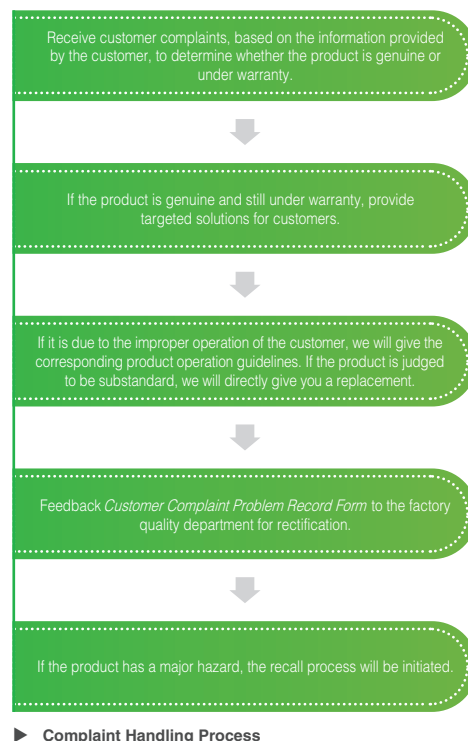
# Guaranteeing Excellence in Service

With a customer-centered philosophy, Smoore continuously improves our service quality from the dimensions of customer relationship management, customer satisfaction management, and identification of customer needs, in order to provide excellent services to our customers. At the same time, we standardize the product marketing process to ensure that all marketing information is accurate as well as channels are legally compliant.

## Customer Complaint Handling

The Group actively listens to customers' opinions and feedbacks, formulates and implements systems such as the *Customer Feedback Management Control Procedure* and the *Customer Satisfaction Survey Procedure*, clarifies the requirements and management processes for product complaints and product recalls, and conducts regular customer satisfaction surveys and regular meeting reviews to promptly understand and address customers' needs, and to continually improve the quality of our products and services.

We formulated and implemented the *Customer Complaint Handling Procedures* to provide customers with product warranty services. Based on the well-established customer complaint handling process, we received customer claims via telephone, fax, e-mail and other channels, and were required to respond to customer complaints regarding products, services and quality within 24 hours. In 2024, the Group did not receive any major complaints about product quality and service, and there were no product recalls for product safety and health reasons.



## Responsible Marketing

The Group strictly complies with the *Advertising Law of the People's Republic of China*, *Regulation on the Implementation of the Law of the People's Republic of China on Tobacco Monopoly*, *Measures for the Administration of E-Cigarettes* and other laws and regulations, and at the same time respects the requirements of laws and regulations of the regions where the customers are located, standardizes the marketing process of the products as well as the advertisement and promotion policies, and ensures that the product packaging labels can truthfully depict the product nature and characteristics.

### Norms of Advertising

In our marketing efforts, we fully comply with the applicable advertising regulations and refrain from using misleading or exaggerated language to promote our products. We do not advertise products claiming unproven benefits, such as aiding in smoking cessation or treating illnesses. Instead, we emphasize the genuine attributes of our products, including design, and user-friendliness, to engage consumers with honest and factual information, thereby upholding market integrity and consumer confidence.

### Trainings on Responsible Marketing

We regularly conduct responsible marketing training for employees of the Group every year. The training covers a wide range of topics, including domestic and international laws and regulations on the e-cigarette industry, advertising and publicity norms for business locations, and protection of consumer rights and interests. We also use case studies and simulation exercises to deepen our employee's understanding of and attention to compliant marketing, and to ensure that every employee member, especially those involved in marketing and promotion and market planning, is required to maintain a sense of compliance at all times in their day-to-day work, and to prevent non-compliance at the source.

### Audit Procedures on Responsible Marketing

We consistently gather and categorize both domestic and international laws, regulations, industry standards, and policy documents concerning e-cigarettes. We create a database of these regulations and policies and update it regularly to maintain the relevance and precision of our audit foundation. We have established a series of rigorous compliance and responsible marketing audit and control procedures to conduct self-corrections on advertising materials, advertising channels and sales pages on e-commerce platforms to review advertisements for misleading terms and exaggerated and false promotions. At the same time, before launching a new product, we scrutinize the product's functional description and ingredient labeling for accuracy and compliance. Any content that may cause misleading to consumers or violate regulations is firmly eliminated in the review.

This product contains nicotine. Nicotine is an addictive chemical.



## Supplier File Management

For suppliers that are recognized as qualified, we give priority to suppliers with ISO quality system certificates and archive the basic information of the suppliers, confidentiality agreements, ROHS/REAH (SVHC) declarations, *Supplier Survey Form and Supplier Evaluation and Inspection Form*, *Supplier Audit Checklists*, and Acknowledgement.

## Supplier Audit

We audit core suppliers at least once a year and conduct daily evaluation for other suppliers based on actual situation and business demands. Through top-down inquiry and key element audit, we address any issues identified during the audit by implementing corrective actions, providing guidance and conducting secondary inspections. We also regularly audit and identify supplier weaknesses, and constantly improve the high-level quality capabilities of the supply chain.

## Supplier Evaluation and Phase-out

We adopt a combination of monthly and annual appraisals to conduct performance appraisals of our suppliers, and require suppliers with low evaluation ratings to submit improvement measures in a timely manner. At the same time, if we find that a supplier has failed to meet environmental standards, has falsified its qualifications, or has been investigated by the public security authorities for engaging in illegal business activities, we will disqualify it and remove it from the list of qualified suppliers.

In 2024



A total of **541** suppliers, including **473** from Mainland China and **68** from overseas (including Hong Kong, Macao and Taiwan).



There are **541** suppliers that have been certified under the ISO 9001 quality management system, achieving a complete coverage rate of **100%**.



**118** suppliers with ISO 14001 environmental management system certification

## Sustainable Procurement

The Group adheres to the concept of responsible procurement and actively explores green and low-carbon procurement paths, selecting safe and environmentally friendly materials. At the same time, the Group has clarified the disciplinary standards for corrupt behavior, guiding suppliers to uphold integrity in their cooperation with the Company and reducing compliance risks.

### Green Procurement

To ensure material safety and compliance, we require all materials to meet environmental protection requirements and strictly regulate the management of hazardous substances in the processes of raw material procurement, new product development, manufacturing, packaging, storage and transportation to ensure that our products do not contain prohibited hazardous substances. At the same time, we require suppliers to provide material composition lists and third-party test reports (including but not limited to RoHS, REACH, FDA, etc.). We also require suppliers to fulfill the requirements of Material Safety Data Sheet (MSDS). In addition, we always incorporate environmental factors into our purchasing decisions and purchase biodegradable and other environmentally friendly materials in conjunction with the actual use of our products.

### Sunshine Procurement

We actively practice sunshine procurement and have formulated the *Supplier Fraud Blacklist Management System* for all suppliers. It clearly stipulates that suppliers must strictly comply with anti-corruption laws and regulations and the Company's anti-corruption policy in the course of cooperation with the Company, and must not commit any form of corruption, extortion or embezzlement, or offer bribes or other illegal benefits to the Company's employees. For suppliers and their affiliates that engage in corrupt behavior, we set appropriate standards for handling them based on the severity of the corrupt behavior and the degree of cooperation with the Company. We will permanently suspend the cooperation with suppliers who refuse to cooperate with the Company's investigation and pursue the responsibility for breach of contract. At the same time, in practice, the Company requires all suppliers to sign the *Integrity Cooperation Agreement*, further clarifying the rights and obligations of both parties in anti-corruption, to ensure the integrity and compliance of cooperation. In 2024, the proportion of suppliers signing the *Integrity Cooperation Agreement* is 100%.

### Conflict Minerals Management

For the use of mineral resources such as gold, tantalum, tin and tungsten metals that may be involved in production operations, the Group insists on ethical sourcing, commits not to use mineral resources from conflict areas and requires suppliers to sign a *Letter of Commitment for Non-Use of Conflict Minerals*. In 2024, a total of 13 suppliers of the Group signed the *Letter of Commitment for Non-Use of Conflict Minerals*.



# A Joyful Workplace

## People-Centric, Forging Hearts and Minds as One

Smoores always adheres to the concept of “people-oriented,” respects the legitimate rights and interests of each employee, establishes a sound employee training system and promotion mechanism, provides employees with equal, healthy and opportunity-filled workplace environments, and is committed to allowing employees to get the rights and interests of the application of the protection, growth opportunities and humanistic care, to help them to achieve their self-worth.

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Responding to SDGs goals:





# Protection of Employees’ Rights and Interests

Smooore strictly abides by the laws and regulations of the location where it operates, protects the legitimate rights and interests of its employees, signs labor contracts with its employees in accordance with the law, standardizes the employment process, provides its employees with a competitive salary and incentive system, and creates a fair, harmonious and stable working environment in all aspects.

## Compliance Employment

The ten principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the *International Labor Organization’s Declaration on Fundamental Principles and Rights at Work* guide our principles and policies for employees. We strictly abide by the *Labor Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Labor Contracts*, and the *Provisions on Prohibition of Child Labor*, as well as other laws and regulations related to the places where we operate, and formulate our *Employee Code of Business Conduct*, *Recruitment Management System* and other management frameworks. We also strictly manage labor contracts and sign written contracts or internship agreements with our employees in accordance with regulations to ensure that our company’s human resource management is compliant and efficient.

## Combating Forced Labor and Harassment and Abuse

We practice the *Forced Labor Convention and the Abolition of Forced Labor Convention* adopted by the International Labor Organization (ILO). In our *Employee Code of Business Conduct*, we explicitly stipulate that employees shall not be subjected to mandatory work arrangements, and that regular inspections of the work environment shall be required; we also specify in the contract the place of employment, hours of work, remuneration, overtime work and other relevant information, and provide appropriate subsidies for overtime work, so as to avoid forced labor. In addition, we strictly prohibit any sexual harassment remarks or behaviors, as well as all acts of violence such as theft, corporal punishment, verbal abuse, mental or physical coercion, etc., to protect the personal safety of our employees in all aspects. In 2024, there were no instances of forced labor, harassment, and abuse.

## Avoidance of Child Labor

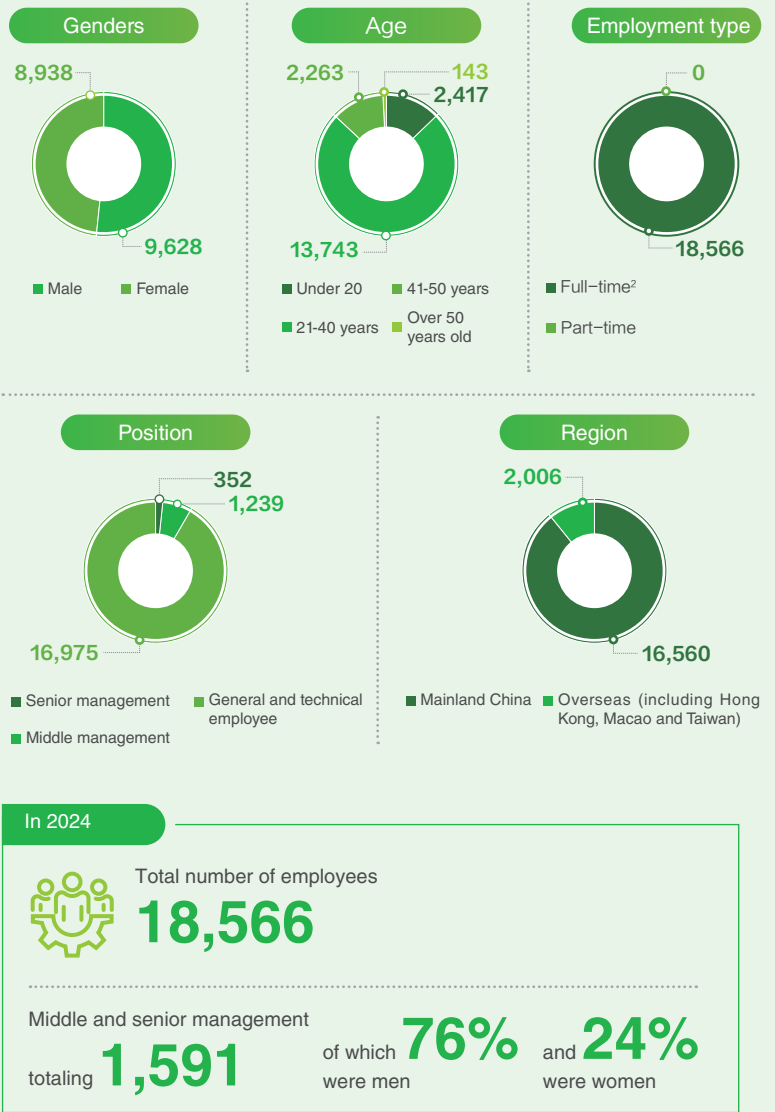
We practice the *Minimum Age Convention* and the *Worst Forms of Child Labor Convention* adopted by the International Labor Organization (ILO), and always adhere to the bottom line of not applying child labor, and establish a strict entry screening process. In our *Employee Code of Business Conduct* and *Recruitment Management System*, we clearly stipulate that we require job applicants to provide proof of identity when recruiting, and carefully verify the age and identity information of all our employees to ensure that the applicants meet the working age to eliminate the employment of child labor. In 2024, we did not have any cases of child labor.

## Equality and Diversity

The Group practices the *Discrimination (Employment and Occupation) Convention* adopted by the International Labor Organization (ILO) and adopts various methods to attract and recruit outstanding talents. We have formulated a comprehensive hiring policy on anti-discrimination and diversity construction, and uphold the principles of fairness, impartiality and openness in our *Recruitment Management System* to ensure consistency in the recruitment process and personnel selection criteria. In the recruitment process, we oppose any discrimination including race, color, religious belief, gender, age, disability, family status and nationality, and are committed to building a diverse and inclusive work environment, so that employees of different backgrounds can give full play to their strengths when participating in the core business, and infuse innovation and vitality into the core business.







## Democratic Communication

In the practice of democratic management, the employee symposium is a key link. The Group builds a bridge of communication between the enterprise and its employees through regular employee forums and the establishment of an online channel for human resources to solicit opinions (e-mail address: hrfeedback@smooretech.com). Employees are able to express their views freely, provide feedback on work issues and put forward suggestions for improvement, which enables the Company to keep abreast of employees' demands and ideas. This not only enhances the sense of participation and belonging of the employees, but also makes the decision-making more in line with the actual situation, effectively improves the management efficiency, and injects constant vitality for the steady development of the enterprise.

In terms of collective bargaining negotiation, in order to further improve the Company's management system and listen to the voices of employees, the Company plans to establish a regular communication mechanism to communicate and discuss with employee representatives on various aspects such as salary and benefits, working environment, career development, etc., in order to strive to reach a satisfactory consensus between both parties and work together to create a brighter future for the Company and its employees.



## Compensation, Benefits and Incentives

The Group has built a comprehensive and competitive salary and benefit system as well as a diversified incentive mechanism for its employees, and is committed to letting its employees realize their self-worth while reaping material rewards, so that they can work hand in hand with the enterprise to move towards a brilliant future.

### Remuneration and Benefits

We benchmark against the market-leading high-tech level, regularly refer to the market salary level and review the salary of employees, and build a comprehensive and competitive salary and benefit system for all permanent employees to ensure competitiveness. Among them, the basic salary is determined based on the employee's position, grade, years of service and other factors, which reflects the basic labor value. Employees are eligible to receive performance-based variable pay. Performance bonuses are awarded based on the Company's annual operating results and the individual performance of employees, aiming to incentivize employees to achieve the Company's goals. Subsidies include housing subsidies, communication subsidies, meal supplements, expatriate allowances, etc., which are used to compensate employees for their efforts under specific working conditions. On the basis of meeting the national statutory policy benefits, we pay social security, housing fund and other statutory benefits for our employees in accordance with the law. We also provide diversified non-compensation benefits for all employees, such as health checkups, issuance of holiday gifts, paid vacations, and internal training. In terms of pension and retirement benefits, we pay basic pension insurance for our employees in accordance with the law, and our employees are entitled to receive pension in accordance with the state regulations after retirement, which is aimed at providing more humanistic care for our employees and enhancing employee satisfaction.

### Incentive Mechanism

We follow the principle of "full-scope conditional coverage", whereby all permanent employees have the opportunity to enjoy the Group's equity incentive program, and the specific list of awards is determined based on the age of the employee, recent performance, rank, etc. In addition, we have established a mechanism for the implementation of remuneration packages for our operating units. In addition, in order to stimulate the performance of operating units to achieve in order to obtain more resources, traction to improve human efficiency, and to improve the overall effectiveness of the Company, we have established a mechanism for the implementation of the remuneration package to carry out the publicity for the operating units, and provide the operating units with the assessment basis for each operating unit on a monthly basis, so as to motivate everyone to expand the business, and to improve the overall efficiency of the utilization of resources.

<sup>2</sup> The types of contracts are divided into two categories: the first is labor contracts, with a total of 12,806 employees; the second is agreements for retirement, consultancy, assignment, internship, outsourcing of services, etc., with a total of 5,760 employees

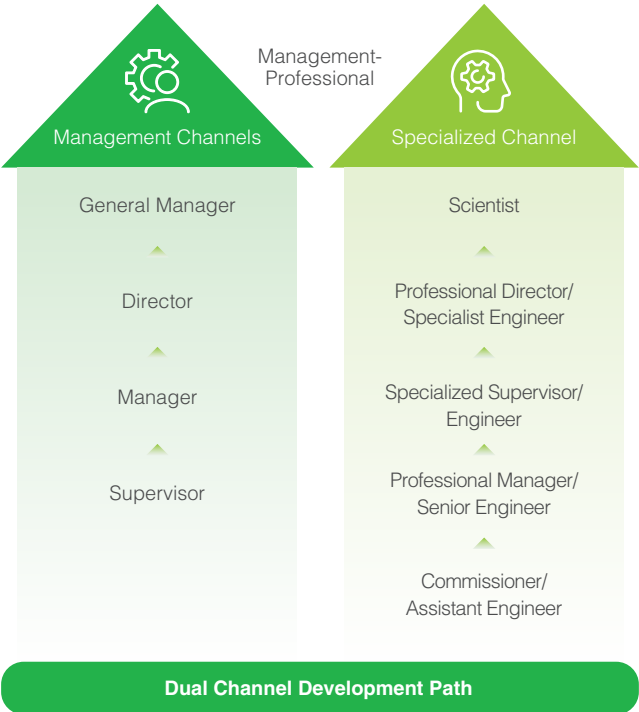
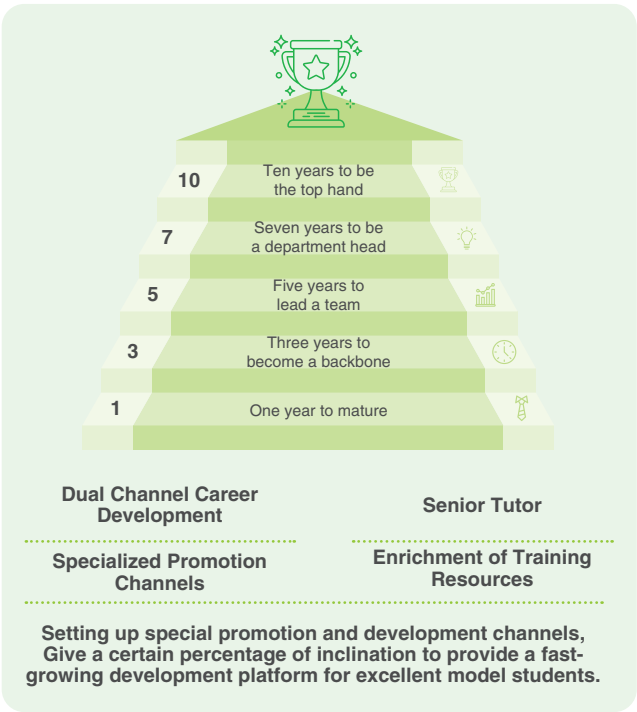
# Promoting Talent Development

Smooore always regards employee development as an important driving force for the Company to move forward. The Company constantly deepens the talent training and cultivation system, smooths the career promotion path, and improves the assessment and evaluation mechanism to help employees improve their skills and realize professional growth.

## Career Path

The Group has created a dual promotion path for its employees in the management and professional fields, and has divided multiple promotion types according to employee categories and formulated corresponding promotion specifications to further stimulate the enthusiasm and creativity of employees, and to inject a constant flow of power for the long-term development of the Company.

### 1-3-5-7-10 Exclusive Nurturing Strategy



### Type of Promotion

Annual promotion

For all employees (non-R&D/employees, non-graduates from the Graduates Trainee Program), promotion is carried out once a year in accordance with the form and requirements of grade and category differentiation, and evaluated and assessed with reference to the criteria of the annual promotion program.

Graduates from the Graduates Trainee Program Promotion

Special promotion and development channels are set up for the graduates from the Graduates Trainee Program who have joined the Company for three years, and a review and assessment is conducted once a year with the traction standard of “fellow travelers + winning battles + capable” to provide a fast-growing development platform for the outstanding graduates from the Graduates Trainee Program students.

Promotion of blue-collar workers

Provide blue-collar employees with the opportunity to be promoted twice a year, based on Operational Clan employee performance, with a review and appraisal based on the J-Series Promotion Criteria.

R&D qualification promotion

For R&D personnel, a special promotion channel is set up, and once a year, a review and assessment are conducted according to the T-sequence qualification standards. Through the introduction of the R&D qualification system, we have established a clear development path and channel for the R&D personnel, and pulled the employees to drive themselves.

Focus on Talent Cultivation

The Group has formulated a detailed *Training Management System*, and for the direction of core training management, the Group has formulated system documents such as *SMOORE Group Training Program Implementation Management Measures*, *SMOORE Group External Training Management Measures* and *SMOORE Group Education and Further Training Management Measures*, which provide a solid guarantee for enhancing the professionalism of employees and promoting the effective implementation of the Company's talent development strategy.

Internal Courses

We provide personalized training programs such as new hire orientation, talent development programs, and professional and technical development through the selection of in-house instructors.



Case

Induction Intensive for the Class of 2024 Bachelors and Masters Concludes Successfully

On July 22, 2024, the 9-day intensive training camp for the 2024 session of Bachelors and Masters officially kicked off. The Group's Executive CHO gave lectures to the Bachelors and Masters, introduced them to the industry knowledge and the Company's development history, and conducted in-depth interactions and exchanges with them through the sharing of their own career experiences. At the same time, the relevant person in charge also introduced the "1-3-5-7-10" talent development strategy tailored for the graduates from the Graduates Trainee Program regarding their future career development. In order to quickly break down the barriers and build up friendship and trust, we organized diversified group building activities, which not only enabled the new batch of Bachelors and Masters, to learn how to apply what they had learned in practice, but also deeply appreciated the importance of teamwork.



### Training effectiveness in 2024

**New Employee Orientation**

- 2024 session of the Bachelors and Masters Intensive: **44** participants, **27** courses, **7** events, overall satisfaction **98.8** points.
- Regular newcomer training: **12** intensive training sessions were organized, with **463** participants and an overall satisfaction rating of **98** points.
- Key Talent Intensive Training: **2** intensive training sessions were organized for **35** participants, with an overall satisfaction rate of **93.3** points.

**Talent development project (leadership development training)**

- Carry out Zhenyu Program (manager-level training), of which **3** phases were led by the Group and **2** phases were dedicated to the business division, with **198** people participating in the study.
- Carry out Hongyi Program (director-level training), led by the Group, with **21** participants.

**Professional Capability Enhancement Program (Skills Development Training)**

- Carry out the third intensive training of R&D project empowerment, **68** people participated in the learning.
- Carry out "elite program" TPM special improvement week, **50** people participated in the study.
- Carry out the product design ability enhancement special empowerment, **48** people participated in the study.

**SMOORE Lecture Hall**

- Carry out 7 Grand Lecture sharing sessions, reaching over **1,000** people in the college.

**Pre-departure training for sea-going personnel**

- Carry out the third intensive training session with **96** participants and passed the project assessment.



► Training Photos

### External Training

We have formulated the *SMOORE Group Management Measures for Education and Further Training* and *SMOORE Group Management Measures for Innovation and Empowerment* to provide external training for all employees through employee expatriation, introduction of external courses and qualification certifications in order to maintain the competitiveness of our employees. For employees who participate in external training and further education, we provide them with special training fees and sign a learning service agreement with them according to the single training fee.

We build a bridge of continuous learning for our core echelon talents through cooperation with China Europe Business School (CEBS) and Cheung Kong Graduate School of Business (CKGSB), and send employees to participate in core courses such as EMBA (Executive Master of Business Administration), CHRO, CMO, etc. In 2024, we sent 2 people to participate in the CHRO and CMO courses of CEBS respectively, and provided them with reimbursement of course fees.

**In 2024**

**Total number of employees trained**  
**18,566**

**100%** of all employees trained
 **100%** of male employees trained
 **100%** of female employees trained

**100%** of senior managers trained
 **100%** of middle managers trained
 **100%** of general and technical employee trained

**Average training time for all employees**  
**39.9** hours

**41.6** hours of training for male employees and
 **38.1** hours for female employees

**30.2** hours of training for senior managers
 **35.9** hours of training for middle managers and
 **40.4** hours of training for general and technical employees

**Training and development expenditures RMB**  
**2,879,000**

# Occupational Health and Safety

Safe production and the occupational health of employees are the top priorities of enterprise development. Smoore strengthens the construction of the production safety system, implements the responsibility of production safety, and carries out regular firefighting, first aid and other safety drills and training, so that every employee can master the skills to deal with unexpected situations. At the same time, we guard the occupational health of our employees in all aspects of the working environment, so that everyone can work safely and move forward with peace of mind.

## Safe Production

The Group implements the *Work Safety Law of the People's Republic of China*, *Fire Safety Law of the People's Republic of China* and other national and local government work safety laws and regulations, formulates safety-related policies and targets, and establishes a Security Management Committee to supervise, guide and assess the Group's work on work safety. In 2024, the Group continued to strengthen the construction of a standardized system of work safety, and six of its factories were awarded the certificate of standardization of work safety.

**Safety Mission**

Build a Sustainable EHS System and Culture.

**Safety Vision**

Let all SMOORE people live a safe and healthy life.

**2024 Safety Focus Goal**

**0** workplace fatalities, serious injuries, fire accidents

Accident rate of **2.5** per thousand

**100%** accident reporting rate

**95%** of hidden dangers rectified

**1** meeting of the Safety Committee per quarter

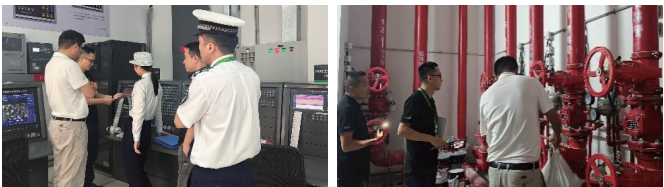
Leadership-led safety inspections **1** per month

**Safety standardization certificate (example)**

**Security Management Committee meetings**

## Risk Control

We carried out 11 special inspections throughout the year, including electrical, mechanical, fire and traffic safety, and organized a total of 56 cross and unannounced inspections, which resulted in the discovery of a total of 433 potential safety hazards that were rectified and completed within the deadlines, with a rectification rate of 100 percent.



Safety check

## Emergency drills

We organized 22 fire emergency evacuation drills, 18 lithium battery safety drills, and 6 smoke and oil safety drills, effectively improving the organization, command, rapid response and disposal capabilities to deal with various emergencies.



Fire evacuation drill



Grease Safety Drill

## Culture construction

We organized fire safety knowledge contests, fire simulation operation contests, etc.; carried out fire propaganda month and safety month activities; and held professional skills training for lithium batteries, in order to continuously strengthen the construction of safety culture and create a strong safety atmosphere.



Safety Month Activities



## In 2024

**115** emergency drills of various types

Number of hidden dangers investigated **433**

**100%** of hidden dangers rectified

Total investment in production safety (including occupational health) RMB **3.04** million

Number and rate of work-related deaths in the past three years **0%**



## Occupational Health

The Group is committed to providing a safe and healthy working environment. The Group strictly complies with the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and has formulated *Occupational Health Management Procedures* to ensure that employees are protected from occupational diseases and other health threats.

### Occupational Health Management Measures

Notification of occupational disease hazards	Signing the <i>Notice of Occupational Disease Hazard Factors</i> with employees; setting up warning signs and warning instructions at conspicuous places for jobs that generate occupational hazards.
Occupational health education training	New employees are educated on the prevention of occupational diseases and are only allowed to work after being assessed; special training is provided at least once a year for employees exposed to occupational disease hazards and relevant managers, engineers and technicians.
Monitoring of occupational disease hazards	Commissioning occupational health technical service organizations with appropriate qualifications to carry out testing of occupational disease hazards, and issuing <i>Occupational Disease Hazard Factors Detection Report</i> .
Occupational health check	Understanding the health status of employees, establish basic health records, and provide employees with occupational health examinations such as pre-employment physical examination, on-the-job physical examination, off-the-job physical examination, and emergency physical examination.
Occupational disease protection supplies	Providing employees with appropriate occupational disease protection equipment based on the occupational disease hazards generated or present in the workplace.



► Employee Physical Examination

In 2024



100%

completion rate of declaration of occupational hazards at all factories

100%

completion rate of occupational health check-up services at all factories

100%

passing rate of occupational hazard inspections at all factories

100%

completion rate of occupational health training in all factories

## Enhancement of Employee Care

We regularly carry out badminton tournaments, the Dragon Boat Festival, the Goddess Festival, stand-up comedy contests and other forms of diversified activities, so that employees can enhance their understanding of each other in a relaxed and pleasant atmosphere, and improve their teamwork ability.





# Harmonious Society

## United in Purpose, Forging a Shared Destiny

Smoore, as a responsible enterprise, actively fulfills its social responsibilities and deeply engages in public welfare undertakings. Over the years, it has participated in activities such as community assistance, educational support, and infrastructure construction, not only bringing tangible help to countless individuals and communities but also promoting sustainable social development with practical actions, contributing to the building of a warm and vibrant beautiful home.

Responding to SDGs goals:



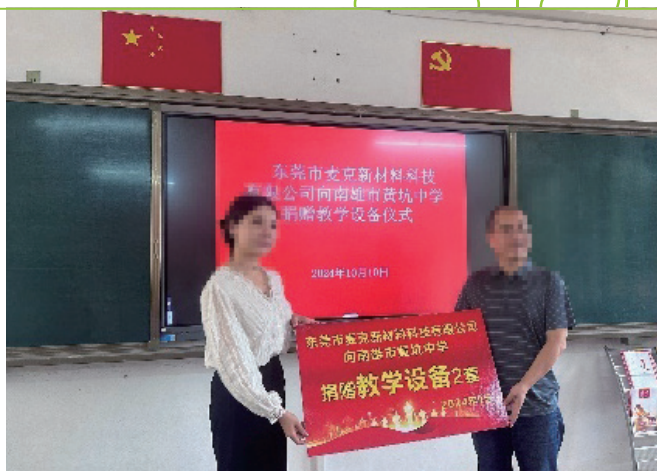


## 2024 Poverty Alleviation and Public Welfare Activities

### Education Support

We donated multimedia teaching equipment to Huangkeng Middle School in Nanxiong. We donated RMB **56,000**, with **4** personnel and a total duration of **24** hours.

We donated RMB **100,000** to the Jianghai District Charity Association in Jiangmen City to support the education cause in Jianghai District. **2** personnel were involved, with a total duration of **8** hours.



► Donating Equipment to Schools

### Community Support and Welfare Visit

We implemented the assistance plan for Lequn Community in Xixiang Street, with a donation of RMB **132,800**, **3** personnel involved, and a total duration of **48** hours.



► Donating Equipment to Schools

### Rural Revitalization

We assisted the Bao'an District Government in completing the poverty alleviation project in Du'an Yao Autonomous County, Guangxi, pairing up for assistance to promote rural revitalization in the recipient area. We donated RMB **60,000**, with **3** personnel involved and a total duration of **48** hours.

We collaborated with the Xixiang Sub-district Office of Bao'an District to complete a special poverty alleviation project in Dahua County, Guangxi. We donated RMB **280,000**, contributing our loving efforts to remote and impoverished areas with practical actions. **2** personnel were involved, with a total duration of **72** hours.



► Assistant Site



► Kindergarten Outdoor Renovation Project

We completed the donation project for the *Service Demand Plan for Children's Football Specialty Course* at Xixiang Street Central Kindergarten – Shanhai Kindergarten, with a total donation of RMB **39,200**, **4** personnel were involved, and the total duration was **20** hours.

We completed the outdoor renovation project at Xixiang Street Central Kindergarten – Shanhai Kindergarten, with a public welfare expenditure of RMB **459,900**, contributing to the field of early childhood education. A total of **4** personnel were involved, and the total duration of the project was **30** hours.

# Appendix

## Key Performance

Environmental key performance indicators	Unit	2023	2024
<b>Air emissions</b>			
Nitrogen oxide (NOx) emissions	kg	532.7	334.8
Sulfur oxide (SOx) emissions	kg	1.2	3.3
Particular matter (PM) emissions	kg	43.6	31.1
<b>Greenhouse Gas Emissions</b>			
Direct emissions (Scope 1)	tonnes of CO <sub>2</sub> e	218.7	1,252.8
Indirect emissions (Scope 2)	tonnes of CO <sub>2</sub> e	73,437.9	71,083.1
Total greenhouse gas emissions	tonnes of CO <sub>2</sub> e	73,656.6	72,335.9
Greenhouse gas emissions intensity	tonnes of CO <sub>2</sub> e/ten million RMB	65.8	61.3
Expected green electricity reduction	tonnes of CO <sub>2</sub> e	1,332.8	15,749.2
<b>Resource Usage</b>			
Total energy consumption	kWh in '000s	126,944.7	133,086.1
Purchased electricity	kWh in '000s	126,171.5	128,285.0
Diesel oil	kWh in '000s	141.7	817.5
Gasoline	kWh in '000s	615.7	1,768.2
Natural gas	kWh in '000s	0	2,215.4
Total energy consumption intensity	kWh in '000s/ten million RMB	113.7	112.8
Green electricity purchases	kWh in '000s	3,500.0	29,350.0
Total packaging consumption	tonnes	16,443.4	21,127.0
Plastics	tonnes	1,980.1	1,961.0
Paper	tonnes	14,270.8	18,977.0
Metal	tonnes	192.5	189.0
Packaging consumption intensity	tonnes/ten million RMB	14.7	17.9

Environmental key performance indicators	Unit	2023	2024
Total water withdrawal	tonnes	826,349.2	771,639.7
Alternative Water Use (seawater, brackish water, rainwater, gray water)	%	0	0
Total water consumption	tonnes	826,349.2	771,639.7
Total water discharge	tonnes	826,349.2	771,639.7
Freshwater consumption	tonnes	826,349.2	771,639.7
Freshwater withdrawal	tonnes	826,349.2	771,639.7
Freshwater consumption intensity	tonnes/ten million RMB	739.9	654.0
Freshwater withdrawal intensity	tonnes/ten million RMB	739.9	654.0
<b>Waste Consumption</b>			
Total non-hazardous waste	tonnes	2,965.7	4,164.5
Plastics	tonnes	189.1	83.8
Metal	tonnes	59.4	89.8
Paper	tonnes	296.0	374.2
Other industrial wastes	tonnes	564.3	93.5
Domestic waste	tonnes	1,857.0	3,523.2
Non-hazardous waste intensity	tonnes/ten million RMB	2.7	3.5
Total hazardous waste	tonnes	238.7	372.4
Hazardous waste intensity	tonnes/ten million RMB	0.2	0.3



Social key performance indicators		Unit	2023	2024
<b>Employees</b>				
Total number of employees		Headcounts	13,306	18,566
By gender	Male	Headcounts	6,171	9,628
	Female	Headcounts	7,135	8,938
By employment type	Full-time	Headcounts	13,306	18,566
	Part-time	Headcounts	0	0
By age	Below 20 years old	Headcounts	542	2,417
	21-40 years old	Headcounts	10,794	13,743
	41-50 years old	Headcounts	1,832	2,263
	Above 50 years old	Headcounts	138	143
By region	Mainland China	Headcounts	11,556	16,560
	Overseas (including Hong Kong, Macau, and Taiwan)	Headcounts	1,750	2,006
<b>Employee average turnover</b>				
By gender	Male	%	7.3	6.3
	Female	%	6.8	5.5

Social key performance indicators		Unit	2023	2024
By age	Below 20 years old	%	9.5	6.9
	21-40 years old	%	7.3	5.8
	41-50 years old	%	4.6	4.6
	Above 50 years old	%	3.7	3.3
By region	Mainland China	%	7.7	6.1
	Hong Kong	%	0.0	0.5
	Overseas	%	1.1	1.6
<b>Employee training</b>				
Total employee training hours		Hours	494,311	740,969
Percentage of trained employees		%	100	100
Average training hours per person		Hours	37.1	39.9
By gender	Male	Hours	41.8	41.6
	Female	Hours	33.2	38.1
By job level	Senior management	Hours	30.3	30.2
	Middle management	Hours	32.9	35.9
	General and technical personnel	Hours	37.7	40.4

Social key performance indicators		Unit	2023	2024
<b>Suppliers Management</b>				
Total number of suppliers		Number of suppliers	453	541
By region	Mainland China	Number of suppliers	418	473
	Overseas (including Hong Kong, Macau, and Taiwan)	Number of suppliers	35	68
Ratio of suppliers signing integrity commitment		%	83	100
<b>Anti-corruption</b>				
Number of concluded corruption litigation cases filed against the enterprise or its employees		Cases	2	2
Times of anti-corruption training		Times	14	14
Total anti-corruption training hours		Hours	600	499
<b>Occupational health and safety</b>				
Number of lost days due to work-related in juries		Days	146.0	370.5
Number of fatalities due to work-related injuries		Headcounts	0	0
Fatality rate due to work-related injuries		%	0	0
<b>Product Quality</b>				
Product recall		Cases	0	0
Major complaints		Cases	0	0

Social key performance indicators		Unit	2023	2024
<b>Innovation and R&amp;D</b>				
Number of R&D personnel		Headcounts	1,480	1,609
<b>Patents applications filed</b>		quantity	7,695	9,253
Invention patents		quantity	3,867	4,760
Utility model patents		quantity	1,932	2,234
Design patents		quantity	1,896	2,259
<b>Registered valid patents</b>		quantity	3,389	4,214
Invention patents		quantity	490	842
Utility model patents		quantity	1,528	1,769
Design patents		quantity	1,371	1,603
New patents applications filed		quantity	2,033	1,558
New patents authorized		quantity	988	825
New invention patents filed		quantity	1,172	893
R&D expenditure in 2024		thousand RMB	1,482,846	1,572,313
<b>Public welfare</b>				
Number people engaged in public welfare/volunteering activities		Headcounts	38	25
Public welfare/volunteering activities hours		Hours	207	255
Public welfare expenditure <sup>3</sup>		RMB	8,274,461	6,332,990

<sup>3</sup> Including the international donation of RMB 5 million in January 2025 to help the earthquake-stricken areas in Tibet

## The Content Index of Environment, Social and Governance Reporting Guide of HKEX

Aspects	Description	Section
<b>A. Environment</b>		
<b>Aspect A1: Emissions</b>	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Control of Polluting Emissions
	A1.1 The types of emissions and respective emissions data.	Control of Polluting Emissions
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Responding to Climate Change
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Responding to Climate Change
<b>Aspects A2: Use of Resources</b>	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Control of Polluting Emissions
	General Disclosure Policies on the efficient use of resources, including energy, water, and other raw materials.	Efficient Resource Utilization
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Performance
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Efficient Resource Utilization
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Efficient Resource Utilization
<b>Aspect A3: The Environment and Natural Resources</b>	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Performance
	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.	Control of Polluting Emissions Efficient Resource Utilization
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Control of Polluting Emissions Efficient Resource Utilization

Aspects	Description	Section
<b>Aspect A4: Climate Change</b>	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change
<b>B. Social</b>		
<b>Aspect B1: Employment</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Protection of Employees' Rights and Interests
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Protection of Employees' Rights and Interests Key Performance
	B1.2 Employee turnover rate by gender, age group and geographical region.	Key Performance
<b>Aspect B2: Health and Safety</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
	B2.2 Lost days due to work injury	Key Performance
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
<b>Aspect B3: Development and Training</b>	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Promoting Talent Development
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Promoting Talent Development Key Performance
	B3.2 The average training hours completed per employee by gender and employee category.	Key Performance
<b>Aspect B4: Labor Standards</b>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labor.	Protection of Employees' Rights and Interests
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Protection of Employees' Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	Protection of Employees' Rights and Interests



Aspects	Description		Section
<b>Aspect B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Strengthening Responsible Procurement
	B5.1	Number of suppliers by geographical region.	Strengthening Responsible Procurement
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Strengthening Responsible Procurement
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Strengthening Responsible Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Strengthening Responsible Procurement
<b>Aspect B6: Product Responsibility</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	Provision of Quality Products
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Guaranteeing Excellence in Service Key Performance
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Guaranteeing Excellence in Service Key Performance
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Drive Scientific and Technological Innovation
	B6.4	Description of quality assurance process and recall procedures.	Provision of Quality Products
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Strengthening Corporate Governance
<b>Aspect B7: Anti-corruption</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Adherence to Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Key Performance
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Adherence to Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Key Performance
<b>Aspect B8: Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Harmonious Society: United in Purpose, Forging a Shared Destiny
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Harmonious Society: United in Purpose, Forging a Shared Destiny
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Harmonious Society: United in Purpose, Forging a Shared Destiny

## Policy List

Category	Name of Laws and Regulations	
Environment	Environmental Protection Law of the People's Republic of China	Cleaner Production Promotion Law of the People's Republic of China
	Environmental Protection Tax Law of the People's Republic of China	Circular Economy Promotion Law of the People's Republic of China
Environment	Water Law of the People's Republic of China	Integrated Emission Standard of Air Pollutants
	Law of the People's Republic of China on the Prevention and Control of Water Pollution	Integrated Wastewater Discharge Standard
	Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	Emission Standard of Odor Pollutants
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes	Emission Standard for Environmental Noise at Boundary of Industrial Enterprises
	Law of the People's Republic of China on the Prevention and Control of Air Pollution	Standard for Noise Limits at Boundary of Construction Site
Labor	Law of the People's Republic of China on Environmental Impact Assessment	
	Labor Law of the People's Republic of China	Social Insurance Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China	Trade Union Law of the People's Republic of China
	Production Safety Law of the People's Republic of China	Regulations on Industrial Injury Insurance
	Safety Law of the People's Republic of China on Special Equipment	Regulations on Emergency Response to Production Safety Accidents
Product Responsibility	Law of the People's Republic of China on the Protection of Women's Rights and Interests	Provisions on the Prohibition of Child Labor
	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	
	Trademark Law of the People's Republic of China	Anti-Monopoly Law of the People's Republic of China
Anti-corruption and Corporate Governance	Patent Law of the People's Republic of China	Company Law of the People's Republic of China
	Anti-Unfair Competition Law of the People's Republic of China	Securities Law of the People's Republic of China
	Anti-Money Laundering Law of the People's Republic of China	
Anti-corruption and Corporate Governance	Interim Provisions on the Prohibition of Commercial Bribery	Basic Norms of Enterprise Internal Control
	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited	Trade Union Law of the People's Republic of China
	Governance Standards for Listed Companies	Companies Ordinance (Chapter 622)

## Reader's Feedback

We anticipate your opinions and suggestions to continuously improve our ESG efforts, as well as our competence in ESG management.

We hope you could complete the questions in the feedback form below and sent it back to us via email.

Email address:

### Your Information

Name

Company name

Tel

Email

Opinions &  
Suggestions

1. What do you think of our ESG Report?

☐ Excellent ☐ Good ☐ Average

2. Do you think this Report has presented the significant impact of our ESG issues?

☐ Yes ☐ More or less ☐ Don't know

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this Report?

☐ Very high ☐ High ☐ Average ☐ Low ☐ Very low

4. Which aspect of this Report are you most satisfied with?

5. What kind of information do you want to learn more about?

6. Do you have any suggestions for the ESG Reports to be released in the future?