



SMOORE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) (Stock code: 06969)

2025 Environmental, Social, and Governance (ESG) Report



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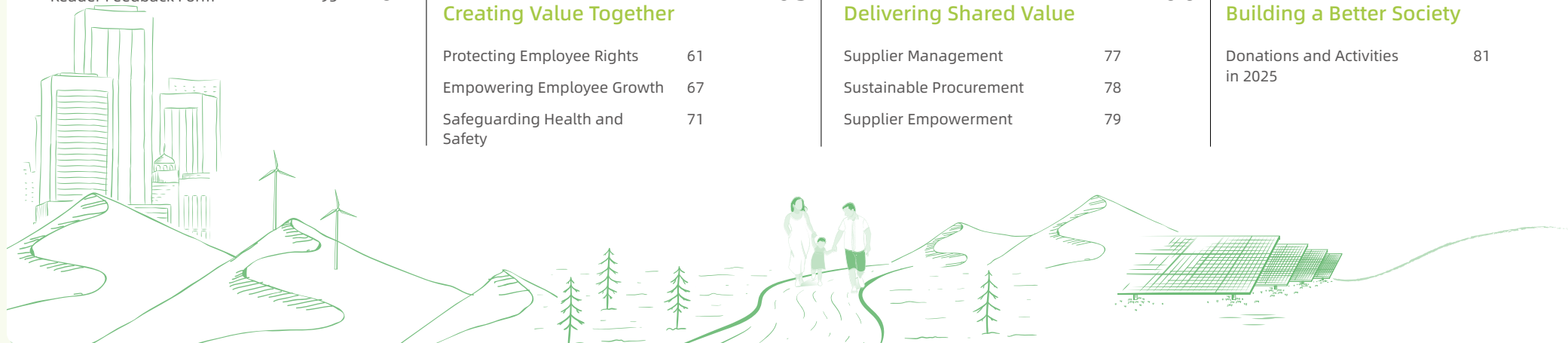
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About This Report

Report Description

SMOORE International Holdings Limited is pleased to release its 2025 Environmental, Social and Governance Report ("the report"). The report outlines Smoore's initiatives and performance in environmental, social, and governance ("ESG") in 2025, in response to stakeholders' expectations regarding SMOORE International Holdings Limited's sustainable development and disclosure practices, thereby enhancing stakeholders' understanding and confidence in the Company.

Term Definition

For ease of presentation and readability, in this report, "SMOORE," "Smoore," "the Company," and "we" refer to Smoore International Holding Limited; "the Group" refer to Smoore International Holding Limited and its subsidiaries; "FEELM," "VAPORESSO," "MOYAL," and others are related businesses and brands under Smoore.

Subsidiary Company	Abbreviation
Shenzhen Smoore Technology Co., Ltd.	Shenzhen Smoore
Shenzhen Maike Brothers Technology Co., Ltd.	Maike Brothers
Jiangmen Moore Technology Co., Ltd.	
Jiangmen Smoore New Materials Technology Co., Ltd.	Jiangmen Base

Reporting Standard

This report is prepared in accordance with the *Environmental, Social, and Governance Reporting Code* set out in Appendix C2 to the *Rules Governing the Listing of Securities* (the "Listing Rules") on the Stock Exchange of Hong Kong Limited ("HKEX"). This report is prepared in strict accordance with the requirements of "mandatory disclosure" and "comply or explain" in the *Environmental, Social and Governance Reporting Code*, and refers to relevant documents such as the *Sustainability Reporting Standards* published by the Global Reporting Initiative ("GRI"). During the report preparation process, content and information presentation were defined based on the principles of "materiality," "quantitative," "balance" and "consistency."

Reporting Scope and Boundary

Unless otherwise specified, the data presented in this report covers the period from January 1, 2025, to December 31, 2025 (hereinafter referred to as the "During 2025" or "Review Period").

Data Source and Reliability Assurance

The financial data in this report are excerpted from the 2025 Annual Report of Smoore International Holdings Limited. All other data are derived from internal data, survey interview records, and related documents of the Group. Unless otherwise specified, all monetary amounts and currencies referenced in this report are expressed in Renminbi (RMB). During the Review Period, due to adjustments in the statistical methodology for certain data, some information has been restated. In cases where the figures differ from those in previous reports, this report shall prevail.

Confirmation and Approval

The Board of the Company has reviewed and approved this report, ensuring that the content of this report contains no false records, misleading statements, or material omissions.

Access 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://en.smooreholdings.com/>). In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Contacts

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Email: IR@smooreholdings.com

Chairman's Statement

In 2025, the external environment remains complex and volatile, regulatory requirements continue to tighten, and industry competition alongside technological iteration accelerates at an unprecedented pace. Amid such uncertainty, Smoore remains steadfast in its commitment to long-term development, upholding its corporate mission of "Atomization makes life better" and embracing its vision of "Focus on building world-leading atomization technology platforms to create value for society; and providing happiness for all SMOORE people." The Company firmly establishes compliance as the cornerstone of sustainable growth, drives value creation through technological innovation, and deeply integrates sustainable development into corporate governance and daily operations. Guided by steady strategic discipline, lean operational capabilities, and responsible business principles, Smoore continues to advance high-quality enterprise development.

Strengthening Governance to Secure Long-Term Resilience

Compliant operations are the bedrock of long-term corporate development and sustained value creation. Over the past year, we have continuously strengthened our corporate governance frame-work, reinforced risk management mechanisms, and raised the bar for compliant operations and sound business performance. Through more transparent and efficient investor communications, we have actively addressed market concerns, enhancing the capital market's understanding of and confidence in the Group's strategic direction and operational performance. In parallel, we continue to advance the construction of our ESG management system, embedding sustainable development principles into strategic planning, operational decision-making, and daily operations. By strengthening organizational support, institutional development, and capability building, we are driving the continuous maturation of the management cycle from "goals – actions – performance – disclosure," laying a solid foundation for the Company's long-term sustainable development.

Driving the Transition to a Green and Low-Carbon Future

Green and low-carbon transformation is not only a core pathway for enterprises to achieve high-quality development, but also an essential foundation for society's transition toward a sustainable future. During 2025, we continued to respond to the *Paris Agreement* and China's "carbon peaking and carbon neutrality" strategy, actively addressing climate change by conducting systematic climate scenario analyses, comprehensively identifying climate-related risks and opportunities, and progressively refining our climate risk management framework to strengthen corporate climate resilience and green competitiveness. The Company has established science-based targets validated by the SBTi, marking a decisive step forward in our low-carbon transition. Going forward, we will adhere to the guiding principles of "higher efficiency, lower emissions, and greater resilience," advancing key initiatives in energy conservation, green operations, improved resource efficiency, and clean energy adoption, steadily driving measurable progress in pursuit of our carbon reduction goals.

Fueling High-Quality Development Through Innovation

Technological innovation is the cornerstone of the Company's development. Smoore upholds the conviction that "science and technology are the primary drivers of productivity," maintaining a sharp focus on atomization technology. The Company continuously advances research and development across electronic atomization, heat-not-burn, inhalation therapy, and atomization-based beauty, driving the simultaneous progression of technology development, product iteration, and manufacturing capabilities to deliver safer, more reliable, and higher-performance solutions to users. In the pursuit of innovation and breakthrough, Smoore places product quality, safety, and reliability at the forefront of its priorities. We continuously refine our quality management system and strengthen end-to-end assurance capabilities spanning the full cycle from research and development through to manufacturing, responding to the trust of markets and society through high-quality, sustainable growth.

Fostering Shared Value Through Responsible Growth

The trust and support of our employees, partners, and broader society are fundamental for the Company's sustainable growth. Guided by a "people-first" philosophy, we are firmly committed to upholding employees' fundamental rights and interests, while fostering an environment conducive to their growth through enhanced salary and benefits, strengthened incentive mechanisms, and expanded multi-pathway career advancement opportunities. During 2025, the Company also deepened its ESG management practices across the supply chain, advancing the implementation of a supplier ESG performance evaluation framework. Targeted initiatives, including ESG management training and carbon emissions management programs, were rolled out for key partners, with the shared goal of building a green and responsible supply chain ecosystem and meaningfully enhancing the sustainability capabilities of the value chain as a whole. The Company remains actively committed to fulfilling its corporate social responsibility, directing efforts toward industrial enablement, education support, and emergency relief throughout the Review Period. In total, the Company contributed approximately RMB 6,954,000¹ in philanthropic investment and conducted 164 hours of public welfare activities.

Looking ahead to 2026, Smoore will continue to build on compliance as its foundation, innovation as its driving force, and responsibility as its guiding principle, steadily enhancing governance effectiveness and operational quality, while advancing green and low-carbon transformation and sustainable capability development. We will remain true to our original aspirations, move forward hand in hand with all partners, build more resilient organizations, deliver more reliable products, uphold more open collaboration, and stride confidently toward a more stable and sustainable future.



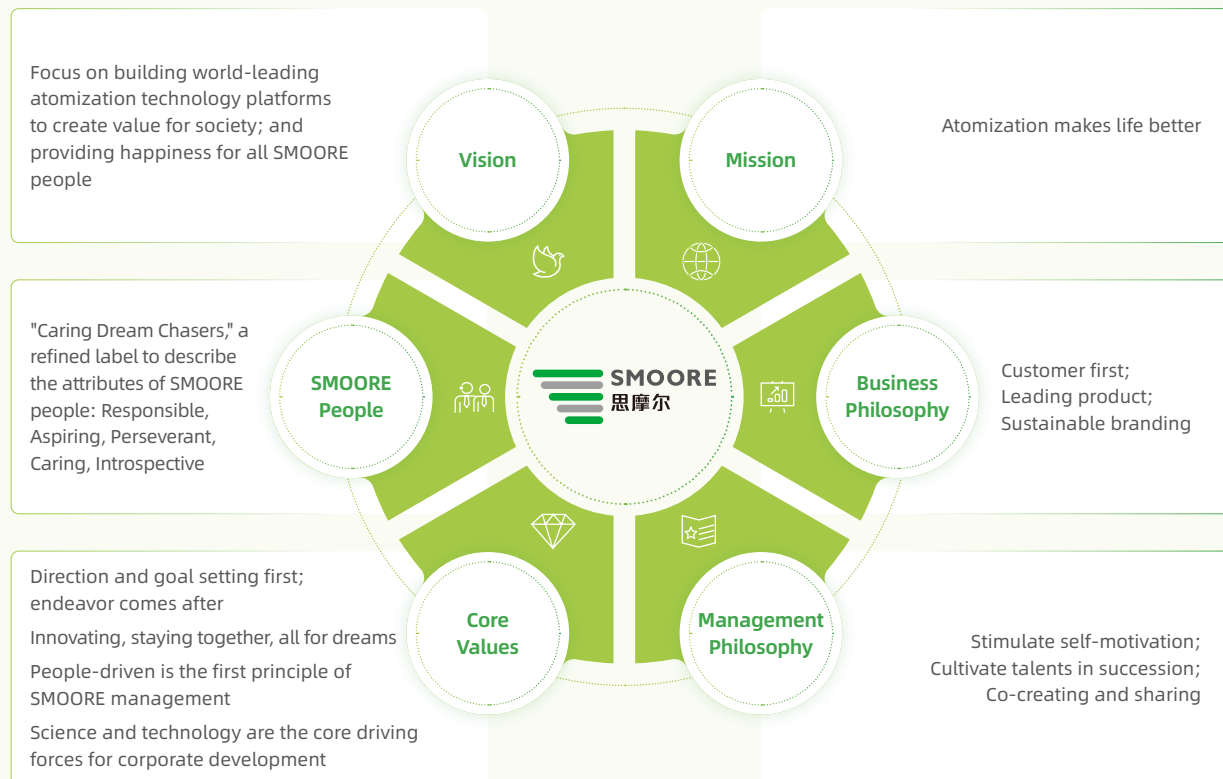
Smoore International Holdings Limited
Chairman of the Board **Chen Zhiping**

¹ This data does not include the Company's donation of RMB 5 million to the Tibet earthquake-stricken area in January 2025, which has been included in the 2024 ESG report.

About SMOORE

Since its establishment in 2009, Smoore has accumulated years of experience and development, and is now a global leader in electronic atomization equipment manufacturing and a provider of electronic atomization technology solutions. Smoore has consistently embraced a spirit of exploration and innovation. Backed by a cutting-edge research center, advanced R&D capabilities, deep expertise accumulated over years in the electronic atomization industry, strong manufacturing capacity, and a broad product portfolio, the Company delivers exceptional product experiences and solutions to its customers. Our product business spans globally and has received high recognition and widespread acclaim from customers and the market.

Corporate Culture



Business Overview

The Group is a global manufacturer specializing in atomization technology solutions. Leveraging innovative and leading atomization technologies, we primarily focused on two business segments during the Review Period: (1) Business-to-Business ("ToB") operations, providing research, design, and manufacturing technical services for electronic atomization, heat-not-burn ("HNB"), specialized atomization, and inhalation therapy products to globally recognized tobacco companies, independent electronic atomization brands, and other enterprises; and (2) proprietary brand operations, concentrating on the research, design, manufacturing, and sales of proprietary electronic atomization products and beauty-related atomization products.

Business Segment	Business Model	Target Market	
Core Business	Open-system	Self-branded US, EU, and other markets	
	Electronic Nicotine Delivery System	Closed-system	Primarily To B Global
		Heat-not-burn	To B EU and other markets
Special Purpose Atomization Products	To B	US-focused	
Emerging Business	Inhalation Therapy	Self-branded + To B US & EU	
	Atomization-based Beauty	To B + To C Self-branded	China-focused

Smoore 2025 Highlights

May 2025

- we won eight awards at the 2025 Asia's Best Management Team Awards, hosted by Extel (formerly *Institutional Investor*), including prestigious honors such as "Most Respected Company". Since going public in 2020, the Company has received this honor for the fourth consecutive year (2022-2025).

June 2025

- Our near-term science-based targets have been validated by the Science Based Targets initiative (SBTi), making us one of the companies in the electronic atomization industry to set science-based targets and successfully obtain SBTi validation.

November 2025

- Smoore donated HK\$ 5 million to support disaster relief efforts in Tai Po, Hong Kong, for medical assistance to affected residents, temporary resettlement, provision of daily necessities, and support for post-disaster recovery.

December 2025

- We achieved a B rating in the CDP Climate Change questionnaire, demonstrating the Company's strong performance in sustainability and marking a recognition of our sustained commitment to climate action.

June 2025

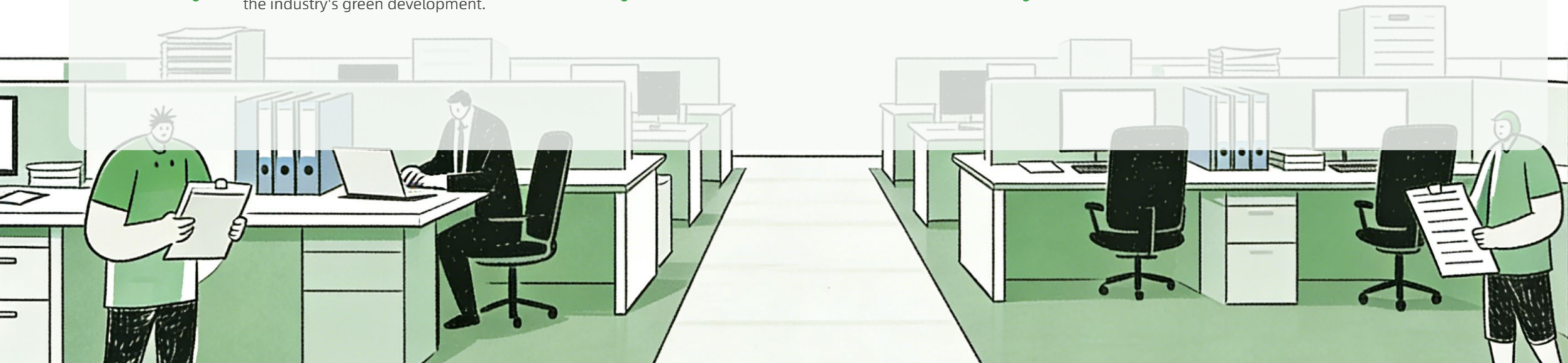
- Completed the first Product Life Cycle Assessment report, scientifically quantifying its environmental footprint to provide customers with transparent and reliable data, supporting the industry's green development.

July 2025

- The Group has 4 factories that have obtained the Silver Status certification from the Responsible Business Alliance.

November 2025

- Host a supplier ESG seminar to communicate the Group's future supplier ESG management plan, collaborate with partners to build a green supply chain, and lead industry sustainable development.



Annual Key Performance Highlights

Environmental Performance

GHG emissions

1,142,968.0 tonnes of CO_{2e}

Comprehensive energy consumption

154,308.6 MWh

Green electricity certificates purchased

37,080 MWh

Equivalent to offsetting carbon emissions

15,127.0 tonnes of CO_{2e}

Economic Performance

Total assets

RMB'000 **28,537,778**

Profit for the year

RMB'000 **1,061,599**

Total equity

RMB'000 **21,875,780**

Total revenue

RMB'000 **14,256,171**

Social Performance

Total number of employees

23,130

Percentage of employees trained

100 %

R&D investment funds

RMB'000 **1,523,340**

Investment funds for public welfare initiatives²






RMB **6,954,000**

² This data does not include the Company's donation of RMB 5 million to the Tibet earthquake-stricken area in January 2025, which has been included in the 2024 ESG report.



ESG Ratings and Awards

ESG Rating in 2025

<p>MSCI ★</p> <p>As of March 2026, we have achieved a BBB rating in the MSCI assessment, reflecting the capital market's recognition of Smoore's commitment to corporate social responsibility and sustainable development.</p> 	<p>CDP ★</p> <p>As of December 2025, we obtained a B rating in the CDP Climate Change questionnaire, demonstrating the Company's strong performance in the field of sustainability.</p> 	<p>Sustainalytics ★</p> <p>As of April 2025, we achieved a score of 25.6, placing our Sustainability rating in the medium-risk category (lower scores indicate lower ESG risk).</p> 	<p>S&P Global ★</p> <p>As of January 2026, our score in the S&P Global ESG rating was 38.</p> 	<p>Wind ★</p> <p>As of January 2026, we have achieved an A rating in the Wind ESG Rating.</p> 
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Awards and Honors in 2025

<p>Most Respected Enterprise Award</p> <p>Financial rating agency Extel (formerly Institutional Investor)</p>		<p>Best IR Hong Kong-listed Company (H-share) - New Wealth</p> <p><i>New Fortune Magazine</i></p>	<p>最佳IR港股公司(H股)</p> <table border="1"> <thead> <tr> <th>证券代码</th> <th>证券简称</th> </tr> </thead> <tbody> <tr> <td>06969.HK</td> <td>恩摩尔国际</td> </tr> <tr> <td>01070.HK</td> <td>TCL电子</td> </tr> <tr> <td>02666.HK</td> <td>环球医疗</td> </tr> <tr> <td>03896.HK</td> <td>金山云</td> </tr> <tr> <td>02228.HK</td> <td>晶泰控股</td> </tr> </tbody> </table>	证券代码	证券简称	06969.HK	恩摩尔国际	01070.HK	TCL电子	02666.HK	环球医疗	03896.HK	金山云	02228.HK	晶泰控股	<p>Specialized, Refined, Unique, and Innovative Small and Medium-sized Enterprises</p> <p>Guangdong Provincial Department of Industry and Information Technology</p>	
证券代码	证券简称																
06969.HK	恩摩尔国际																
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02666.HK	环球医疗																
03896.HK	金山云																
02228.HK	晶泰控股																
<p>Headquarters-type institutions of multinational corporations in Guangdong Province</p> <p>Guangdong Provincial Department of Commerce</p>		<p>Top 100 Private Manufacturing Enterprises in Guangdong Province (Ranked 66th)</p> <p>Federation of Industry and Commerce of Guangdong Province</p>		<p>Top 100 Small and Medium-sized Enterprises in Guangdong Province's Manufacturing Sector for 2025 (Ranked 30th)</p> <p>Guangdong Provincial Enterprise Federation, Guangdong Provincial Entrepreneurs Association, jointly with the Institute of Industrial Economics at Jinan University, and Guangdong Provincial Manufacturing Association</p>													

Top 500 Manufacturers in Guangdong Province, 2025 (Ranked 57th)

Guangdong Provincial Enterprise Federation, Guangdong Provincial Association of Entrepreneurs, jointly with the Institute of Industrial Economics, Jinan University, and Guangdong Provincial Association of Manufacturing



2025 Guangdong Province Manufacturing Top 500 (Ranked 258th)

Guangdong Provincial Enterprise Federation, Guangdong Provincial Entrepreneurs Association, jointly with the Institute of Industrial Economics, Jinan University, and Guangdong Provincial Association of Manufacturing Industries



Shenzhen Headquarters Enterprises (2024-2025)

Shenzhen Municipal Development and Reform Commission



Shenzhen Famous Brand (FEELM)

Shenzhen Brand Evaluation Committee



Bay Area Renowned Brand (FEELM)

Shenzhen Brand Evaluation Committee



Shenzhen's Manufacturing Single Champion Enterprises

Shenzhen Bureau of Industry and Information Technology



2025 Shenzhen Top 500 Enterprises (Ranked 125th)

Shenzhen Enterprise Federation, Shenzhen Entrepreneurs Association



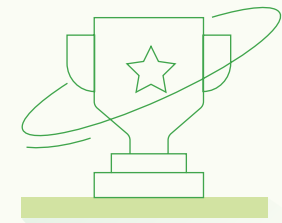
2025 Shenzhen Top 500 Enterprises (Ranked 473th)

Shenzhen Enterprise Federation, Shenzhen Entrepreneurs Association



Trade-oriented headquarters enterprise in 2025³

Shenzhen Municipal Bureau of Commerce



³ Please refer to *Notice of the Shenzhen Municipal Bureau of Commerce on Issuing the List of Designated Trade Headquarters Enterprises (Batch 1) for 2025* for details. https://commerce.sz.gov.cn/xxgk/qt/tzgg_1/content/post_12465859.html

Sustainable Development Management

Smoore has consistently upheld a commitment to sustainable development. While ensuring the Group's stable operations, it systematically advances the development of its ESG management system, fully integrating ESG risks into the Company's overall risk management framework and promoting their alignment and coordinated implementation with strategic planning, business operations, and management decision-making. The Company continues to strengthen communication and dialogue with all stakeholders, proactively listening to their concerns and expectations on environmental, social, and governance matters, and promptly responding by refining management practices, steadily reinforcing the institutional foundation and practical implementation of ESG governance to provide long-term support for sustainable development.

SMOORE

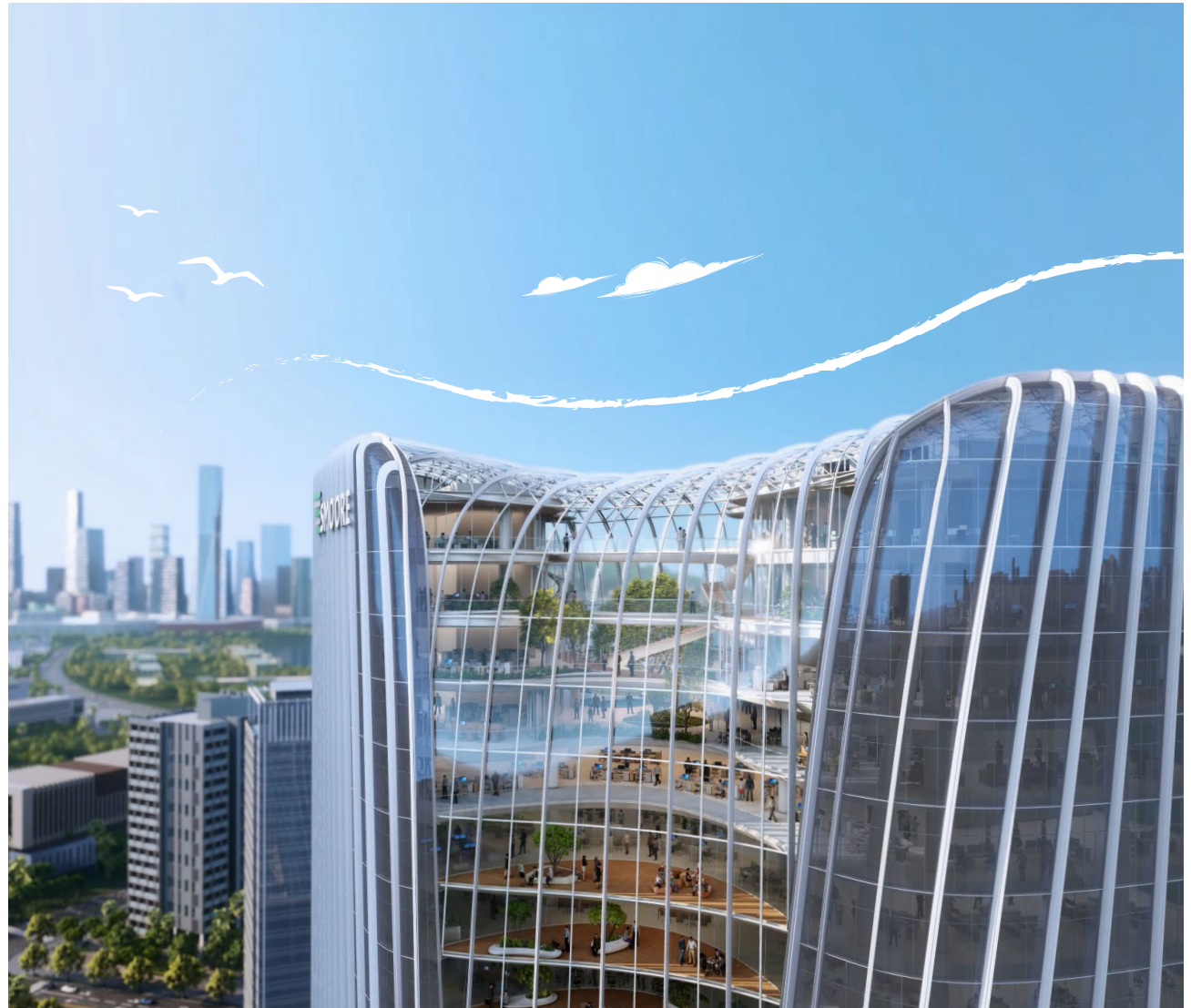
SMOORE UNIVERSITY

Board Statement

The Board serves as the highest decision-making and oversight body for ESG governance across the Group, bearing ultimate responsibility for ESG governance and the supervision of ESG-related matters. The Board conducts regular reviews of the Group's ESG strategic direction, progress against key objectives, and responses to material risks, ensuring that sustainability considerations are deeply embedded within the Company's overarching strategy and business decision-making framework. Underpinned by the Board's systematic oversight and forward-looking guidance, we continuously strengthens its ESG management system, enhancing its capacity to identify, assess, and respond to material topics, thereby safeguarding the Company's long-term sustainability. The Board has further deepened its quantitative tracking mechanisms for ESG performance, providing a solid foundation for the Company's pursuit of long-term value creation.

Sustainable Development Strategy

The Group upholds that "we are committed to leading the sustainable development of the industry through concrete actions" as our corporate sustainability strategy. It deeply integrates the management philosophy of "stimulating self-motivation, cultivating talent in succession, co-creating and sharing" into its ESG practice framework, continuously driving the Company's high-quality development, fostering the synergistic advancement of corporate value, environmental benefits, and social well-being, and building a virtuous ecosystem for sustainable development.



Sustainable Development Governance

Smoore has placed sustainable development at the heart of its corporate strategy, building a sustainability governance framework characterized by clear accountability, efficient collaboration, and end-to-end management. Through a three-tiered structure comprising board-level strategic design, oversight by the ESG Committee, and execution by the ESG Task Force, the organization achieves an integrated alignment of strategic leadership, risk prevention, and performance closed-loop management. The Company continues to promote the deep integration of ESG management with business operations, incorporating key topics into governance frameworks and performance evaluation systems, strengthening institutional safeguards and accountability, and comprehensively enhancing sustainable development governance capabilities to provide a solid foundation for long-term value creation.



ESG Governance Structure





The Company has established a three-tier ESG governance structure characterized by top-down leadership, clear accountability, and collaborative efficiency, fully supporting the implementation of its sustainable development strategy. The Board serves as the highest decision-making body for ESG governance, providing overall leadership in decision-making related to ESG management. The ESG Committee, serving as the core for oversight and coordination, provides professional advice and support to the Board, drives the implementation of the ESG strategy, monitors progress on KPIs, and strengthens cross-functional collaboration mechanisms. The ESG Task Force, serving as the executing entity, will implement specific management measures, drive the execution of the annual plan, and ensure the systematic advancement of ESG objectives. Under the authorization of the Board, the ESG Committee and the ESG Task Force continue to collaborate in refining the ESG governance framework, regularly convening meetings to report on ESG progress, continuously enhancing the Company's ESG governance effectiveness, and strengthening the enterprise risk management mechanism. In addition, the Company continues to explore integrating carbon reduction targets into its strategic planning for enterprise development and transition, gradually incorporating ESG performance indicators, such as climate change risk management, carbon emissions reduction, water management, product quality and safety, chemical safety, labor management, and workplace safety, into evaluation criteria, thereby promoting the orderly advancement of ESG initiatives and establishing a closed-loop management system.

Smoore ESG Governance Structure



ESG Key Response

The Group has consistently adhered to the business philosophy of "customer first, leading product, sustainable branding," integrating its sustainability strategy into business planning and operations. It actively responds to the United Nations Sustainable Development Goals (SDGs), promoting the coordinated development of economy, environment, and society through sound management and value creation. The Company identifies SDGs highly relevant to its business characteristics and key topics, then establishes ESG goals and action initiatives aligned with Group development, continuously advancing the implementation of related work and enhancing sustainable development outcomes.







Aspect	Goal	Our Key Actions	Response to SDGs
Environment	<ul style="list-style-type: none"> Commitment to Scope I and Scope II carbon neutrality by 2050 Enhance the sustainable management and efficient use of natural resources Drive recycling and reuse to reduce waste generation 	<ul style="list-style-type: none"> Identify climate risks and opportunities that have a significant impact on the Company's financial position; use scenario analysis to assess the Company's climate resilience. Establish a comprehensive environmental management system, clarifying the executing agencies responsible for environmental management strategies and performance. Adopt new low-carbon and eco-friendly packaging materials to advance plastic reduction and packaging minimization. Conduct an environmental impact assessment of the product using the LCA analysis method. Conduct water risk assessments at relevant production and operational sites within the Group; regularly collect and analyze supplier water usage data to promote the establishment of water-saving targets by suppliers. 100% compliant management of waste releases, obtaining an emission compliance inspection report. 	
Product	<ul style="list-style-type: none"> Promote the use of safe materials and reduce the use of hazardous chemicals Commitment to responsible marketing Continuously invest in research and development 	<ul style="list-style-type: none"> Require suppliers to provide Material Safety Data Sheets (MSDS) that comply with laws and regulations. Further reduce potential hazards through adjustments to product formulations and improvements to manufacturing processes. Inform consumers about product ingredients, associated chemicals, and their safety through channels such as product packaging and instruction manuals. Conduct regular responsible marketing training; implement a minor age verification prompt on the official website pages of the Group's private-label brands before website access. Continuously launch innovative products and win multiple design awards. 	
Employee	<ul style="list-style-type: none"> Provide employees with stable job opportunities, good working environment, competitive salary and benefits Prohibition of child and forced labor Prohibition of discrimination based on gender, region, religion, nationality, or any other form Create value for society 	<ul style="list-style-type: none"> The contract signing rate is 100%. All employees are eligible for performance-based variable compensation. Under the principle of "full scope conditional coverage", all regular employees have the opportunity to participate in the employee stock incentive program. Provide training and development programs for current employees. External training is provided to employees through employee secondments for learning, introduction of external courses, and certification programs. We are committed to social public welfare, actively participating in public welfare initiatives such as community assistance, educational support, and infrastructure development. 	
Governance	<ul style="list-style-type: none"> Strictly comply with applicable laws and regulations, and operate in a compliant manner Uphold business ethics and strictly prevent the occurrence of corrupt practices 	<ul style="list-style-type: none"> Establish a Group-wide <i>Anti-fraud and Reporting Management System</i>, fully fostering a clean and upright business environment. Establish an internal audit committee as the operational body responsible for overseeing business ethics and corruption issues. The Internal Audit Committee conducts an annual review of the Company's operational activities, as well as its own ethical standards and anti-corruption compliance systems. Regularly conduct anti-corruption training for employees. Provide comprehensive confidentiality and protection mechanism for whistleblowers, covering classified management of whistleblower information and reporting materials, as well as confidential handling of the process during which whistleblowers are interviewed and provide evidence. 	

Stakeholder Engagement

The Group continues to optimize its communication mechanisms with stakeholders by conducting regular internal interviews, maintaining consistent information exchange, and systematically collecting and organizing feedback from all parties to ensure timely and accurate understanding of their concerns and expectations. Relevant opinions and recommendations will be incorporated into the Company's sustainability strategy evaluation and adjustment mechanism as key references for optimizing management initiatives and enhancing governance effectiveness. The Company has always regarded building open, transparent, and trustworthy communication relationships as a core responsibility, striving to fully address the needs of all stakeholders while achieving its sustainable development goals, promoting collaborative efforts and value co-creation to jointly advance a long-term sustainable future.



Stakeholder Communication

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

Materiality Assessment

To scientifically identify and assess ESG topics and comprehensively address the priorities and concerns of both internal and external stakeholders, Smoore continuously refines its ESG topic identification and assessment framework. In 2025, the Company conducted a thorough collection and analysis of internal and external expectations and areas of focus. Each topic was quantitatively evaluated and prioritized along two key dimensions "importance to stakeholders" and "importance to the Company's development," culminating in the development of a materiality matrix. The identified topics have been integrated into the Company's strategy and day-to-day operations, with targeted disclosures and responses provided in the subsequent chapters of this report, systematically addressing stakeholder concerns and advancing the Company's sustainable governance and long-term value creation.

Steps for Materiality Assessment

Step 1: Topic Identification

Based on the Company's business layout and development, and in accordance with the compliance requirements of the Hong Kong Exchanges and Clearing Limited, systematically sort out the policy orientations of each operating location, industry dynamics and ESG development trends. With comprehensive reference to relevant international standards, the Company's strategic planning and opinions from internal and external experts, establish an ESG materiality topic library covering multi-dimensional topics.

Step 2: Stakeholder Engagement

Conduct questionnaire surveys with stakeholders including the Group's directors and executives, employees, customers, suppliers and partners, to collect feedback and demands of each stakeholder Group on sustainable development concerns.

Step 3: Topic Analysis

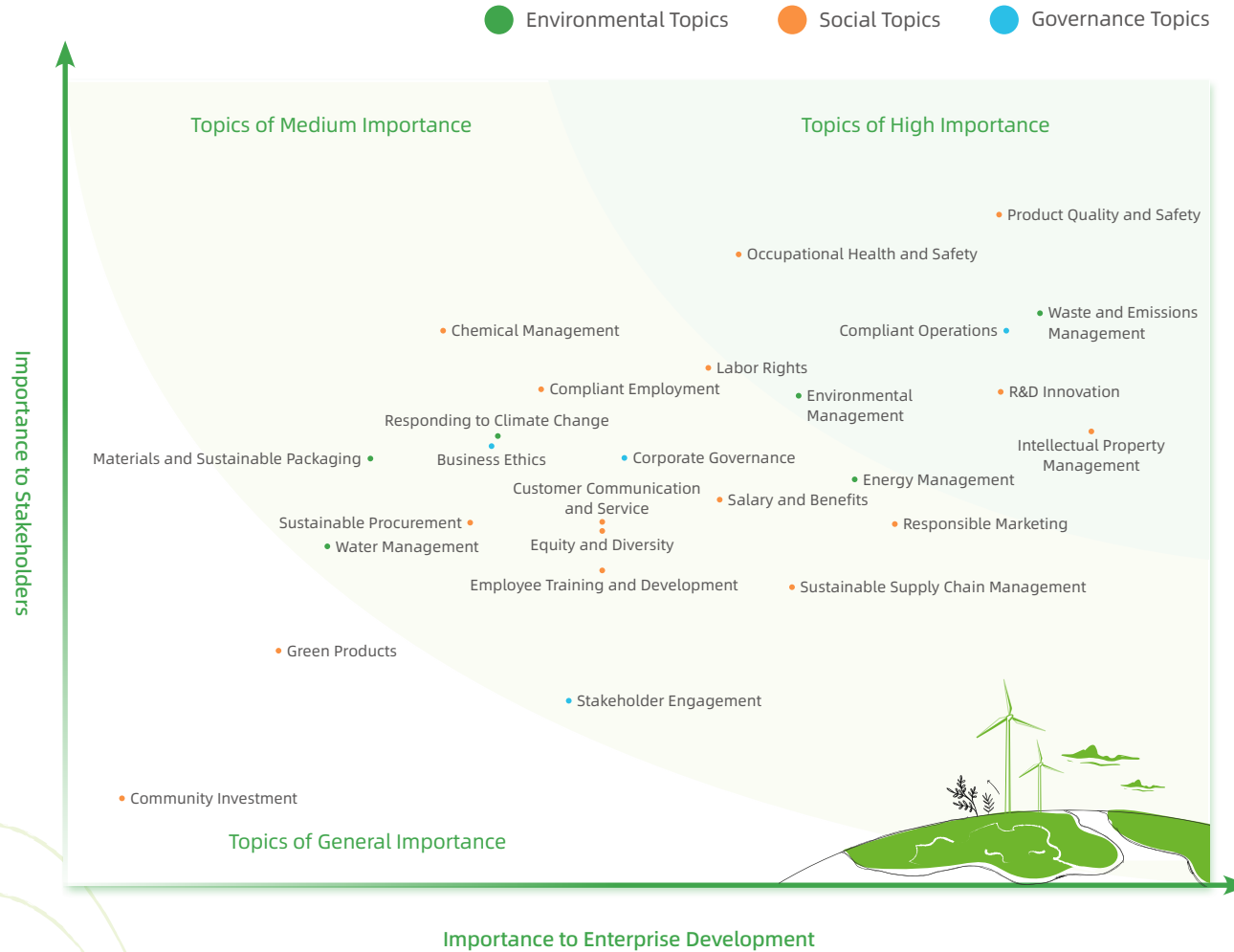
Based on the results of the questionnaire surveys, combined with the Company's key sustainable development matters and stakeholder concerns, analyze, evaluate and rank each ESG topic to form a materiality matrix and list.

Step 4: Topic Review

The Company's Board finally deliberates and confirms the material topics to be disclosed, and conducts report disclosure.



Materiality Matrix



Key Topics for Smoore in 2025

Importance Level	Scope	Material Topics
Topics of High Importance	Social	Product Quality and Safety
	Environmental	Waste and Emissions Management
	Governance	Compliant Operations
	Social	Occupational Health and Safety
	Social	R&D Innovation
	Social	Intellectual Property Management
Topics of Medium Importance	Environmental	Environmental Management
	Social	Labor Rights
	Environmental	Energy Management
	Social	Chemical Management
	Social	Responsible Marketing
	Governance	Corporate Governance
	Social	Salary and Benefits
	Social	Compliant Employment
	Social	Sustainable Supply Chain Management
	Social	Customer Communication and Service
	Environmental	Responding to Climate Change
	Social	Equity and Diversity
	Governance	Business Ethics
	Social	Employee Training and Development
Environmental	Materials and Sustainable Packaging	
Social	Sustainable Procurement	
Environmental	Water Management	
Governance	Stakeholder Engagement	
Topics of General Importance	Social	Green Products
	Social	Community Investment

01 / Governance

Strengthening Governance to Safeguard Sustainable Operations

A sound corporate governance framework is essential for a company's stable operations and sustainable development. Smoore continuously optimizes its governance structure, clarifies the boundaries of authority and responsibility, refines institutional standards, and strengthens internal controls and risk management, driving the evolution of its governance system toward greater clarity, effective checks and balances, and transparency and efficiency, thereby laying a solid foundation for sustainable development.

ESG Topics We Focus on

Compliant Operations

Corporate Governance

Business Ethics

Stakeholder Engagement

Our Response to HKEx ESG Metrics

B7: Anti-Corruption

Our Responses to SDGs Topics



Enhancing Corporate Governance

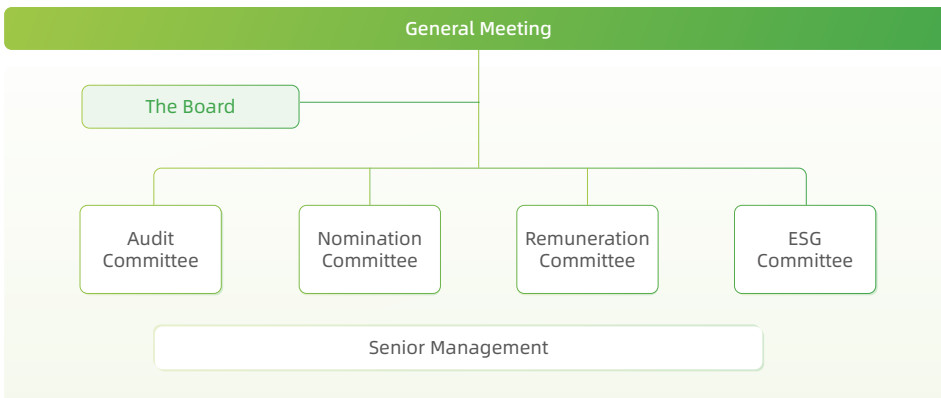
During the Review Period, Smoore continuously enhanced governance transparency and decision-making rationality by optimizing its board structure, strengthening internal controls, and risk management, thereby providing a robust institutional safeguard for the Company's sustainable development and driving its corporate governance capabilities to a higher level.

Improving Governance Framework

The Board and the management of the Company have adhered to high standards in corporate governance, continuously advanced the development of a high-caliber board, improved the internal control system, and ensured shareholders' rights to information and oversight through transparent disclosure and accountability mechanisms. The Company has fully adopted the principles set forth in the *Code of Corporate Governance* (the *Code*) in Appendix C1 of the Listing Rules and strictly complies with all applicable code provisions (except for paragraph C.2.1 of the *Code of Corporate Governance*) and relevant recommended best practices, continuously enhancing its governance standards and compliance levels.

The Company has established four Board committees under the Board, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee. Each committee performs its respective duties within its terms of reference and reports to the Board on a regular basis, providing strong support for the Board's informed decision-making and effective oversight.

Corporate Governance Structure



Board and Committee Performance



The Board, as the core of corporate governance and the central decision-making body, is responsible for strategically guiding the Company's direction and overseeing major matters, driving the Company toward long-term stable operations and sustainable development. We ensure that board members possess professional expertise, accumulated experience, and diverse perspectives aligned with business development, and we adhere to objective and prudent decision-making principles, fulfilling our duties with the Company's overall interests as the primary consideration. The board periodically reviews each director's performance, including the time and contributions invested, to ensure that they can fully fulfill commitments commensurate with their responsibilities. The Board is composed of executive directors and non-executive directors (including independent non-executive directors), whose diverse and balanced membership structure strengthens independence and objectivity, thereby providing robust support for the Company's strategic decision-making and governance operations (specific details about Board members are available in the Company's 2025 Annual Report).

Board Diversity Policy

The Company actively advocates for and continuously advances diversity within its Board across gender, cultural background, professional expertise, and other dimensions. We have established and implemented a Board Diversity Policy aimed at enhancing the diversity and comprehensiveness of the Board members. The Nominating Committee is responsible for periodically reviewing the implementation of diversity policies, conducting a systematic assessment of the Board's structure, size, and composition, including skills, experience, and diversity annually, and aligning these with the Group's strategic direction to ensure the Board's structure remains balanced and diverse over time.

ESG Capacity Building of the Board

The Company emphasizes directors' professional competence, compliance awareness, and risk sensitivity, continuously strengthening their sense of responsibility and capability development for standardized performance of duties. Each newly appointed director has completed systematic onboarding training at the time of initial appointment, gaining comprehensive understanding of the Company's business operations and a thorough grasp of the responsibilities incumbent upon directors under the listing rules and related regulatory requirements. In accordance with Paragraph C.1.4 of the *Code of Corporate Governance*, directors should actively participate in ongoing professional training to continuously update their knowledge base and professional capabilities in response to evolving governance environments. The Company will arrange internal training courses for directors as needed and provide relevant learning materials, actively encouraging all directors to participate. All related training expenses will be borne by the Company, ensuring the continuous enhancement of directors' ability to perform their duties.

In 2025, the ESG Committee held the annual meeting to conduct a comprehensive review of the Group's ESG policies and management measures, and provided guiding recommendations on strategic directions and key initiatives related to the Group's environmental, social, and governance matters. Meanwhile, the committee completed a systematic assessment of ESG-related risks across the Group and ensured that the Company's existing risk management and internal control systems are fully effective in addressing ESG risks, thereby supporting the achievement of its sustainability goals.

Key Performance

In 2025

The Board comprised

8

directors

Including

2

female directors

Accounting for

25.0%

of the Board



Independent non-executive directors numbered

3

Accounting for

37.5%

of the Board

1

Director holds a doctoral degree



Board members possess extensive and diverse industry experience, with professional expertise and skills in areas such as marketing, materials management, law, and finance, providing solid support for the Group's development.



Remuneration Policy of the Board

The Company has established a director Remuneration policy, and the Remuneration Committee is responsible for providing professional recommendations to the Board regarding the remuneration arrangements for executive directors and senior management. None of the directors participate in discussions regarding their own compensation, ensuring the independence and impartiality of decision-making.

The remuneration of executive directors comprises fixed and variable components, including performance bonuses, equity incentives, and equity awards, designed to incentivize outstanding performance, strengthen the alignment between individual and Company results, and remain competitive with peer benchmarks to effectively attract and retain key management talent. The fixed remuneration of non-executive directors is set within a reasonable range, taking into account their scope of responsibilities, time commitment, and contributions to corporate governance, and benchmarked against market compensation levels of comparable companies in the same industry to ensure fairness and competitiveness.

The Remuneration Committee will continue to regularly assess the comprehensiveness and effectiveness of the remuneration policy, benchmarking against practices of peer companies with similar business scales to ensure alignment with the Company's strategic development needs and maintain sustainable market competitiveness in attracting and retaining talent.



Stakeholder and Investor Communication

The Board places great importance on communication with shareholders and investors, recognizing it as a cornerstone of strong investor relations and enhanced transparency. Through annual and interim reports, the Company systematically discloses its operational status and financial performance, comprehensively addressing investor concerns. The Annual General Meeting provides shareholders with a direct platform to engage with the Board, where directors and senior management respond to questions in person, ensuring timely and interactive dialogue. Each resolution at the general meeting is subject to an independent voting procedure, effectively safeguarding shareholders' rights to information and participation. In addition, the Company has established a diversified, round-the-clock communication mechanism spanning investor hotlines, email, online meetings, and regular roadshows, continuously improving the quality and responsiveness of engagement with shareholders and investors, and fostering long-term partnerships built on mutual trust.

Shareholder and Investor Communication Channels:

- The electronic versions of Company communications required by listing rules (including, but not limited to, annual reports, interim reports, meeting notices, circulars, and proxy forms) will be published on the Company's website and the Stock Exchange's website.
- Shareholders may submit suggestions and exchange views with the Board at the Annual General Meeting.
- The Company's website contains the latest and most important information regarding our Group.
- The Company website provides shareholders with a channel to communicate with the Group.
- The Company has established a dedicated team responsible for handling general inquiries from shareholders and investors.
- Vistra, the Hong Kong share registry office of our Company, is responsible for handling all share registration and related matters for shareholders.
- The Company holds press conferences and investor analyst briefings on an ad-hoc basis to provide the market with the latest performance information of the Group.

Key Performance

In 2025

Earnings presentation open to all investors (in-person)

2 sessions

Investor relations team engagement with investors (full year)

200+ sessions

Hold earnings briefing and interpretation session for all employees

1 session

Investment bank strategy conference appearances

12 sessions

Strengthening Risk Management

The Company has fully integrated risk management into its daily operations, with management continuously conducting risk identification, assessment, response and monitoring. It scientifically establishes acceptable risk levels, improves emergency preparedness plans, reduces the impact of unexpected events, and promptly reports major risks to the Audit Committee and the Board. The Audit Committee and the Board, based on this, carefully define the nature and extent of significant risks, providing directional guidance for the Group's risk management strategy. Smoore has established the *Accountability Management Standards* to further strengthen internal oversight and accountability implementation, promote standardized employee performance, and ensure the effectiveness and compliance of operational management.

Internal Control

The internal audit department serves as a key pillar of corporate governance, independently performing supervisory functions, reporting directly to the Chairman of the Board, and maintaining direct access to the Audit Committee to ensure unimpeded oversight. Regular audits are conducted across core processes in various business segments and functional departments, complemented by targeted reviews of matters of concern to management or the Audit Committee. Audit findings are promptly communicated to the Audit Committee, the Board, and senior management, with ongoing follow-up on corrective actions and regular reporting to ensure closed-loop management. Since the Company's listing in July 2020, it has not replaced its external auditor, and the tenure of the external auditing firm remains within the regulatory limit of 20 years, fully preserving audit independence and professionalism. During the Review Period, the Company identified no material internal control deficiencies.

Financial Risk Management

In 2025, the Company further strengthened its risk identification and response capabilities, driving the evolution of financial risk management toward a more systematic, quantifiable, and closed-loop approach.

Risk Governance Enablement

A dynamic financial risk assessment mechanism was established, with quarterly tracking implemented through a dedicated *Risk Identification Checklist*, achieving full-cycle closed-loop management across the five stages of risk "identification, assessment, response, tracking, and review".

Risk Early Warning System

A dynamic financial risk early warning system was developed to make risks "quantifiable, visible, and actionable". Through tiered alert levels and automated response mechanisms, the Company has shifted from reactive to proactive risk management.

ESG Risk Management

The Group places great importance on ESG risk management. Referencing global guidelines and industry practices, and has integrated ESG risk management, including climate-related risks, into its overall enterprise risk management framework, with the Board responsible for overseeing major ESG-related risks.

At the operational management level, Smoore actively promotes the implementation of Responsible Business Alliance (RBA) audits and benchmarking management in factories, strictly controls ESG risks such as environment, labor, health and safety, business ethics, and supply chain management, and continuously improves the level of responsible operations. In 2025, a total of 4 factories of the Group obtained RBA Silver Status certification.

In addressing climate change, we refer to the climate-related risk and opportunity requirements set forth in Part D of the HKEX's *Environmental, Social, and Governance Reporting Code*. We identify climate risks and opportunities that may have potential financial impacts on the Company, develop corresponding response strategies, and utilize scenario analysis to assess the Company's resilience to climate-related risks. For details, please refer to the "Responding to Climate Change" section of this report.



Responsible Business Alliance (RBA) SILVER Status certification

Information Security Management

The Company strictly complies with the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, and relevant laws and regulations in each operating location, continuously improving its information security management mechanisms and strengthening the foundation of compliance management. We have established the *Measures for the Classification, Grading and Use Management of Information Assets*, and the *Measures and the Information System Security Emergency Response Plan*, clearly defining data classification and grading criteria as well as the full lifecycle management process. This enhances the speed and capability of incident response, comprehensively strengthens the protection and compliant use of information assets, and ensures the secure and stable operation of information systems and network equipment. In 2025, we introduced internal policies including the *Management Measures for Application System Emergency Response*, the *Management Measures for Backup Systems*, *Management Measures for Computer Configuration Standards*, and the *General Specification for Information Security Management*, further refining management processes and clarifying responsibilities, thereby laying a solid foundation for the comprehensive protection and compliant use of information assets.

Meanwhile, the Company has established an Information Security Management Committee, clearly designated information security responsible persons in each department, regularly hold security meetings, conducted identification and assessment of potential risks, and promoted the development and implementation of response strategies. During the Review Period, we revised the *Information Security Organization Management Standards* to further clarify the committee's structure, responsibility boundaries, and role assignments, strengthening overall leadership and decision-making effectiveness. Meanwhile, the policy explicitly stipulates customers' rights regarding their personal data, including the right to be informed, the right of access, the right to correction, the right to deletion, and the right to data portability. During the Review Period, the Company continued to strengthen its information security protection system, with no major information security incidents occurring and no cases of customer, employee, or partner data breaches. The information security management system operated stably and effectively.

Network Information Security Management Measures

Network Device Management

Regularly conduct inspections of data center equipment operating status, simultaneously advance network line construction, and ensure the security and operational reliability of equipment and network lines through measures such as strengthening terminal management, installing security antivirus tools, and conducting vulnerability scans.

User Behavior Management

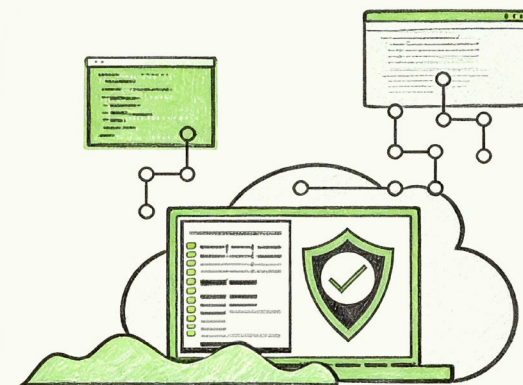
Real-time monitoring and defense against network attacks are achieved through the deployment of firewalls, intrusion detection systems (IDS)/intrusion prevention systems (IPS), and other measures. Implement internet usage management, establish a strict regional access control mechanism, enforce the principle of least privilege, and ensure that only authorized personnel can access sensitive data.

Data Security Management

Implement data encryption technologies to ensure data security during transmission and storage; simultaneously conduct regular security vulnerability scans and penetration testing to promptly identify and remediate potential risks.

Early Warning and Prevention Mechanism

Enhance monitoring of information systems, establish a fault reporting system, and promptly verify reports of emergencies to initiate alerts. Regularly organize emergency drills, conduct personnel training, provide hardware resource support, prepare documentation and materials, establish a technical support platform, and carry out public information dissemination.



Information Security Audit

Under the coordination of the Information Security Management Committee, the Company has established a routine audit mechanism, conducting monthly information security audits that cover key areas including data storage and transmission, access control, employee operational standards, and third-party vendor management. Audit efforts are focused on the effectiveness of data classification and grading management, with evaluations of access control mechanisms designed to ensure the practical implementation of the principle of least privilege. Random inspections are also conducted to assess employees' awareness of and adherence to information security policies, continuously driving process optimization and strengthening security awareness across the organization.

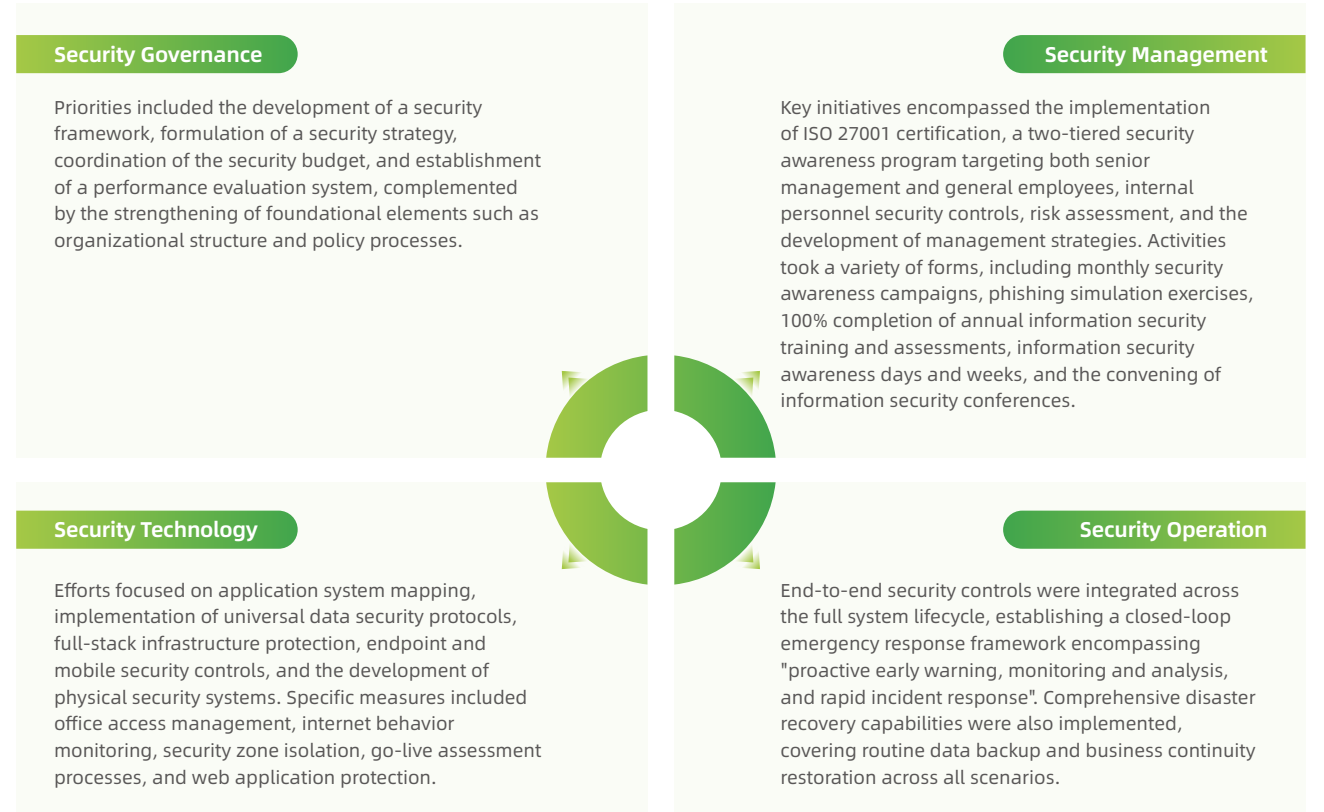
The Group's headquarters has obtained ISO/IEC 27001 Information Security Management System certification. The system operates effectively with no material security deficiencies identified, providing robust support for the Company's information security governance.



ISO/IEC 27001 Information Security Management System Certificate

Information Security Capability Development

During the Review Period, information security efforts were advanced across four key domains:



Security Governance

Priorities included the development of a security framework, formulation of a security strategy, coordination of the security budget, and establishment of a performance evaluation system, complemented by the strengthening of foundational elements such as organizational structure and policy processes.

Security Management

Key initiatives encompassed the implementation of ISO 27001 certification, a two-tiered security awareness program targeting both senior management and general employees, internal personnel security controls, risk assessment, and the development of management strategies. Activities took a variety of forms, including monthly security awareness campaigns, phishing simulation exercises, 100% completion of annual information security training and assessments, information security awareness days and weeks, and the convening of information security conferences.

Security Technology

Efforts focused on application system mapping, implementation of universal data security protocols, full-stack infrastructure protection, endpoint and mobile security controls, and the development of physical security systems. Specific measures included office access management, internet behavior monitoring, security zone isolation, go-live assessment processes, and web application protection.

Security Operation

End-to-end security controls were integrated across the full system lifecycle, establishing a closed-loop emergency response framework encompassing "proactive early warning, monitoring and analysis, and rapid incident response". Comprehensive disaster recovery capabilities were also implemented, covering routine data backup and business continuity restoration across all scenarios.

In 2025

Total information security expenditure amounted to approximately

RMB 3 million

primarily allocated to security organization development, training programs, and the buildout of the information security defense system, continuously reinforcing the Company's information security culture





Conducting an Emergency Drill for VPN Business Continuity

Case

In March 2025, the Company conducted a VPN business continuity emergency drill, simulating a scenario in which a VPN system failure caused a company-wide operational disruption. The exercise provided a comprehensive assessment of the feasibility of existing emergency response plans and the efficiency of cross-departmental coordination. The drill involved the network team, information security team, IT operations, and business departments, with a focus on testing fault escalation procedures, emergency response mechanisms, system recovery capabilities, and incident communication protocols. The exercise effectively enhanced the Company's emergency response capabilities in the event of critical information infrastructure disruptions, providing strong support for the continuity of business operations and the stable functioning of information security systems. Going forward, the Company will conduct similar drills on a regular basis, driving the evolution of its security management framework toward greater standardization and institutionalization.

The exercise achieved four core objectives



Improve emergency response plans and fault reporting mechanisms, clearly defining response timeframes and responsible personnel;



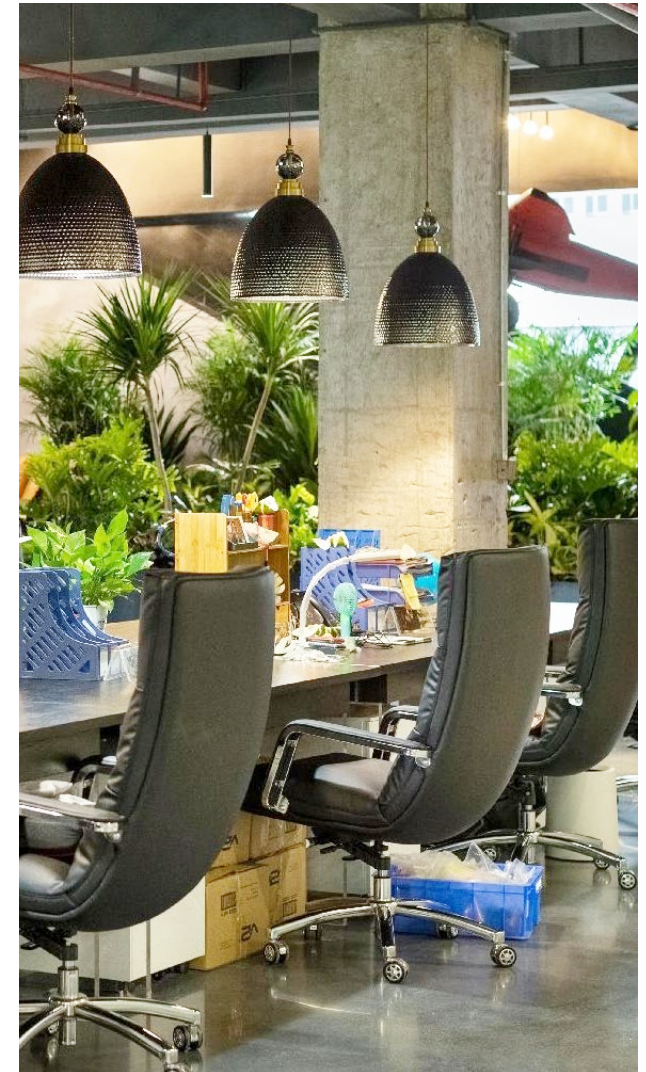
Enhance the coordination and connection capability between the network Group and the information security team during emergencies;



Verify the high availability and disaster recovery capabilities of the VPN cluster;



Identify and improve weak links in system operations to drive process optimization.



Uphold Business Ethics

Smoore has always regarded the development of business ethics as a core pillar of sustainable enterprise development, establishing a comprehensive anti-corruption management system that covers institutional construction, supervision and enforcement, whistleblower management, and cultural cultivation. We firmly uphold the principle of zero tolerance, strictly comply with anti-corruption and anti-fraud laws, regulations, and compliance standards applicable in each operating location, and comprehensively prevent and combat all forms of corruption and fraudulent activities. We strictly comply with relevant jurisdiction laws and regulations in regions where we operate, continuously improves its governance system for business ethics, and ensures the compliance and credibility of corporate operations.

Business Ethics Management

The Group continues to strengthen its business ethics, firmly eliminating any violations, and is committed to fostering a fair, transparent, and corruption-free business environment. We have established a Group-wide *Anti-fraud and Reporting Management System* that clearly defines the behavioral standards and ethical guidelines all employees must follow when conducting business. It also outlines procedures for reporting, investigating, and addressing violations of business ethics, fostering a transparent and compliant governance culture and safeguarding the rights and interests of shareholders and other stakeholders. We have strengthened oversight mechanisms by establishing an Internal Audit Committee, integrated business ethics compliance into routine audits and internal control assessments, and ensured that 100% of employees sign the *Employee Code of Business Conduct* upon onboarding, thereby solidifying the institutional framework for ethical operations.

Business Ethics Oversight

The Audit Committee has established under the Board, which is responsible for overseeing issues related to business ethics. Meanwhile, we have set up an Internal Audit Committee to assist in the management of internal control and audit work. It is mainly responsible for hearing reports from the Internal Control and Audit Centre on the investigation and handling of fraud clues, reviewing and deciding on the handling plans for major bribery, corruption and fraud cases, and assigning the implementation of such plans to the Internal Control and Audit Centre. The Internal Control and Audit Centre is responsible for coordinating the implementation of anti-bribery, anti-corruption and anti-fraud work, including whistleblowing intake, information collection, investigation and evidence gathering, reporting of cases and accountability. It also regularly reviews and evaluates the implementation of business ethics-related policies, puts forward improvement recommendations, and reports regularly to the Audit Committee on the overall progress of the Company's anti-bribery, anti-corruption and anti-fraud work, thereby promoting a closed-loop management mechanism for business ethics oversight and continuously enhancing the Company's compliance management and risk prevention and control capabilities.

Business Ethics Audit

The Group conducts annual audits, inspections and supervision over the implementation of business ethics-related policies and relevant control measures across all business operations, systematically evaluates the effectiveness of such policies and measures, and continuously advances rectification and optimization in response to identified issues. We continued to incorporate assessments of employees' compliance with business ethics standards into its routine audits and internal control evaluations. Meanwhile, the Company has integrated the signing process of the *Employee Code of Business Conduct* into the onboarding system, ensuring that each new employee completes the signing upon joining, thereby strengthening source-level management of compliance awareness. In 2025, the Company investigated 2 cases of business ethics violations and legally referred individuals suspected of corruption to judicial authorities.

Business Ethics Training

We provide business ethics training to all employees (including part-time and contractors), requiring all new hires to complete the training and pass the assessment upon onboarding. To reinforce a culture of integrity and compliance, and to enhance the self-discipline and risk prevention capabilities of employees in key positions, the Group organizes regular anti-corruption and anti-bribery training each year, embedding integrity principles into daily operations and management. In 2025, the Company focused on key topics such as case reviews of typical fraud incidents, the consequences and impacts of duty-related crimes, supervision and prevention mechanisms, and the co-development of a culture of integrity. A total of 18 online and offline training sessions on "Integrity in Practice" were conducted throughout the year for new employees (including key talent) and core business departments, continuously strengthening employees' compliance awareness and risk management capabilities.

Key Performance

In 2025

The Group's business ethics training covered all types of employment, including part-time and contractors, coverage rate achieved

100%

Conducted

18

training sessions on "Integrity in Practice"

The signing rate of the *Employee Code of Business Conduct* upon onboarding reached

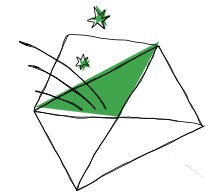
100%

Whistleblower Management




The Company places great importance on the accessibility of internal and external oversight, reporting, and complaint channels, and is committed to establishing an open, secure, and trustworthy communication channels. We have established a whistleblower hotline, physical suggestion boxes, dedicated email addresses (including the Chairman's mailbox), and an online reporting portal on our official website, encouraging employees, suppliers, and other stakeholders to report suspected violations of laws and regulations or breaches of the Company's business ethics policies within the Group through public or anonymous channels.

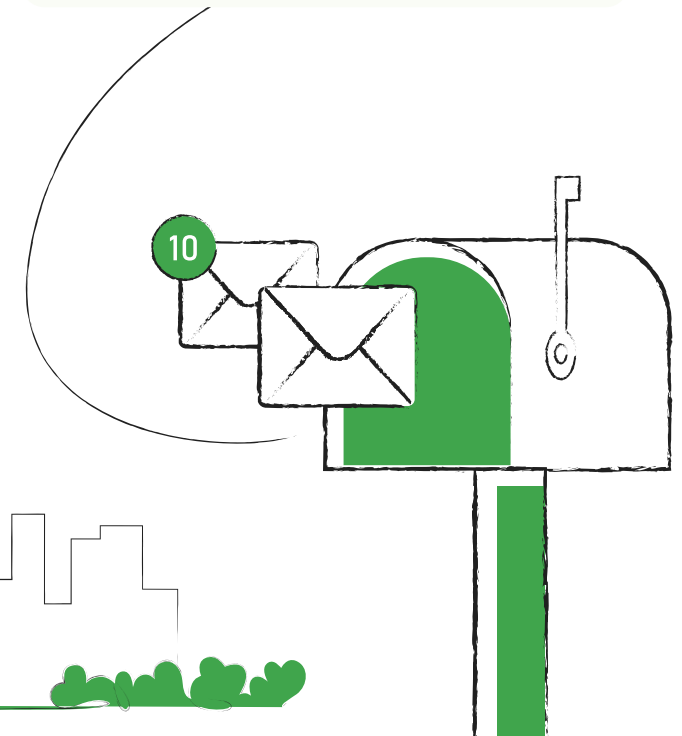
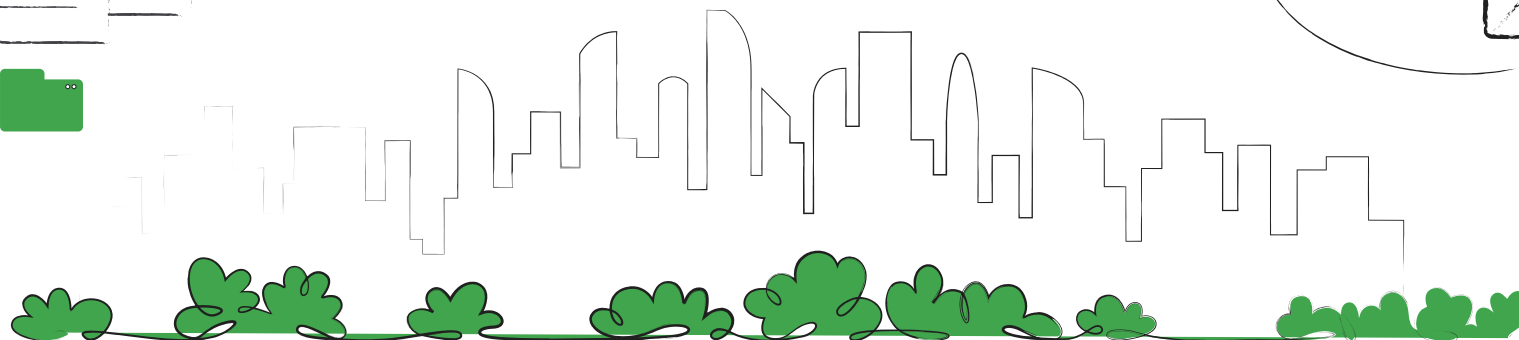
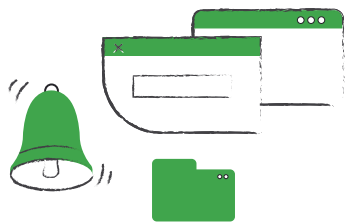
The Internal Audit Department, as the primary executing body for anti-fraud initiatives, is responsible for the ongoing reception of reports. For significant matters, whistleblowers may directly send materials to the Chairman's email address to ensure critical issues reach the highest level of management. The Company has consistently upheld the full protection of whistleblowers' legitimate rights and interests by establishing and strictly enforcing the *Anti-fraud and Reporting Management System*. This system clearly defines the procedures for receiving reports, channel management, and subsequent handling mechanisms, and establishes a comprehensive confidentiality mechanism covering graded management of whistleblower information, confidential storage of reporting materials, and privacy protection during interviews and evidence collection.

Any individual found to have unlawfully disclosed the identity of a complainant or whistleblower, or to have taken retaliatory action against a complainant or whistleblower, will be subject to disciplinary measures ranging from formal warning and removal from post up to and including termination of employment. Where such conduct constitutes a violation of applicable law, the Company will report the matter to public security or judicial authorities in accordance with the law, for handling by the relevant authorities. In 2025, the Company received a total of six valid reports, three of which have been concluded, while the remaining three are still under process. During 2025, we strictly implemented the whistleblower protection mechanism by strengthening information isolation and process control through measures such as dedicated single-line coordination and dedicated management of leads. No violations of whistleblower protection regulations occurred throughout the year, effectively safeguarding the legitimate rights and interests of whistleblowers and ensuring the smooth operation of reporting channels.



Reporting and Complaint Channels

- 
Whistleblower Hotline 18123940661
- 
Whistleblower Email Address antifraud@smooretech.com
- 
Mailing Address No.16, Dongcai Industrial Zone, Xixiang Street, Bao'an District, Shenzhen, China



02 / Environmental

Embracing Green, Enabling a Low-Carbon Future

Smooere adheres to the development philosophy of "prioritizing ecological protection and pursuing green growth," upholding its commitment to environmental stewardship and embracing the responsibility to advance green transformation and safeguard ecological security. Grounded in the Company's overarching development strategy, Smooere systematically plans its energy conservation and emissions reduction pathways, enhances water resource utilization efficiency, and continuously refines its green and low-carbon atomization technology products, fulfilling its core responsibilities as a corporate environmental steward.

ESG Topics We Focus on

- Responding to Climate Change
- Environmental Management
- Water Management
- Materials and Sustainable Packaging
- Energy Management
- Green Products
- Waste and Emissions Management

Our Response to HKEx ESG Metrics

- A1: Emissions
- A2: Use of Resources
- A3: The Environment and Natural Resources
- A4: Climate Change

Our Responses to SDGs Topics



Responding to Climate Change

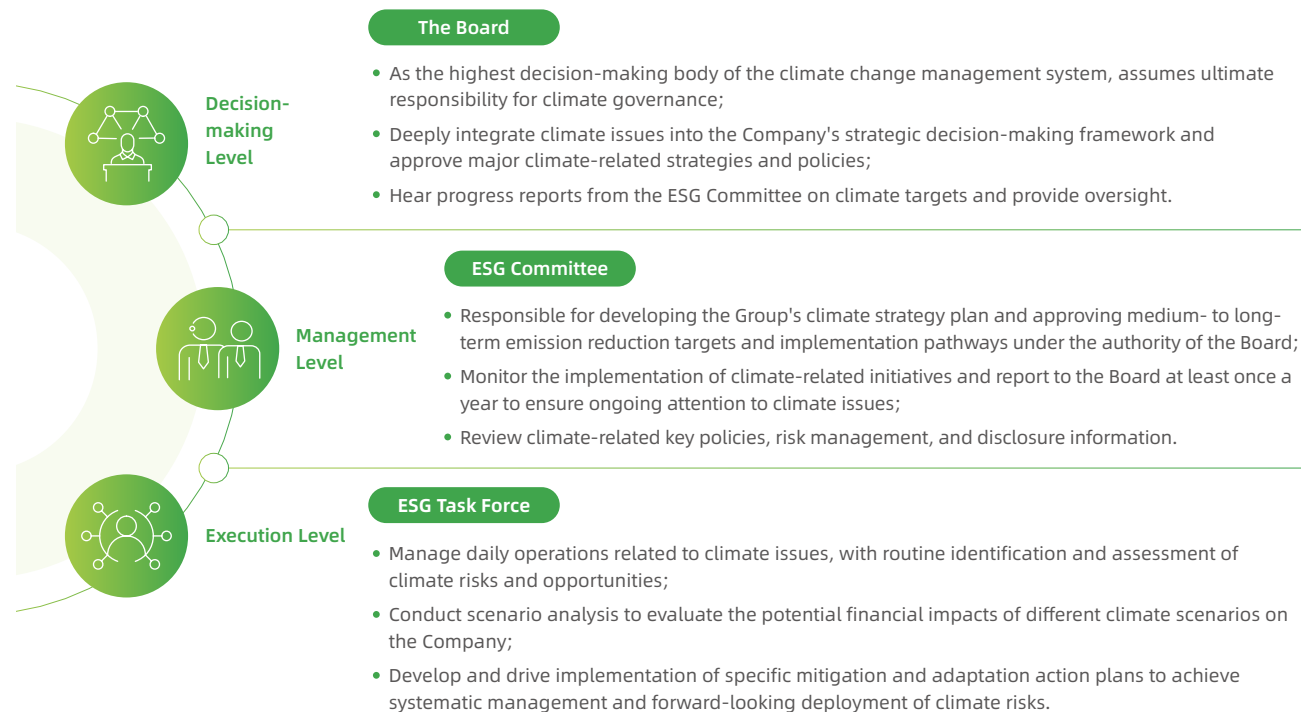
Governance

Smoore recognizes that a sound governance framework is the foundation for effectively addressing climate change, and has therefore established a three-tiered management structure comprising the Board, the ESG Committee, and cross-functional ESG Task Forces. As the highest decision-making body, the Board is responsible for deeply integrating climate governance into the Company's overall framework and comprehensively overseeing the alignment of climate strategy with long-term development goals. The ESG Committee advances specific initiatives under the leadership of the Board, with cross-functional working Groups responsible for day-to-day execution and coordination, systematically driving climate-related matters.

The Board and the ESG Committee of the Group attach great importance to the development of professional capabilities in climate governance and have incorporated it into the Company's systematic training and development framework. Members of the Board and the ESG Committee maintain the comprehensive competence to oversee climate-related matters through continuous professional development and external expert support, enabling them to carefully evaluate the impact of climate strategy on the Company's long-term value creation. Through regular specialized exchanges and professional discussions targeting all levels of the organization, we continuously strengthen the team's ability to identify, assess, and manage climate-related risks and opportunities. Building on this foundation, we are gradually refining the TCFD governance framework and advancing climate governance toward systematic and routine implementation.

Smoore is currently studying the feasibility of incorporating climate performance indicators into the management incentive system, with a view to strengthening the implementation of climate targets and management accountability. Relevant work will be comprehensively considered and promoted in a timely manner in combination with the Company's actual operation, industry practices and regulatory requirements.

Smoore International's Climate Change Governance Framework



Strategy

The Group places great importance on climate change and its potential impacts on the Company's business model and value chain arising from physical and transition risks. In reference to the relevant guidelines set forth in the HKEX's *Environmental, Social and Governance Reporting Code*, we conduct our materiality assessment on climate-related matters not only across the dimensions of likelihood, impact severity, and resilience, but also take climate scenario analysis as a key management tool. By simulating various temperature rise levels and transition pathways, we systematically evaluate their potential impacts on operations, value chains, and financials. This process has enabled us to comprehensively identify material climate risks and opportunities, providing forward-looking decision support for the Group's risk management optimization and operational decision-making, thereby strengthening the company's climate resilience and adaptive capacity.

Scenario Analysis

Based on the assessment of global climate policy evolution and scientific consensus, the Group has established two distinct future climate pathways in its scenario analysis. We believe the brown scenario/high-warming scenario corresponds to an economic development model with relatively high growth rates but lax climate policy implementation, leading to ongoing accumulation of carbon emission pressures and overall alignment with higher global warming trajectories (e. g. , SSP5-8. 5). In contrast, the green scenario/accelerated transition scenario depicts a pathway in which countries actively fulfill their emission reduction commitments and achieve the temperature control objectives outlined in the *Paris Agreement*. The specific scenario types, time ranges, and related parameter settings used in the analysis are as follows:

Climate Scenarios

Scenario Selected	Green Scenario / Accelerated Transition Scenario (<2° C)	Brown Scenario / High-Warming Scenario (>3° C)
Scenario Description	<ul style="list-style-type: none"> Countries worldwide are working together to fully implement and strengthen the temperature control objectives of the <i>Paris Agreement</i>. Under this pathway, a series of stringent climate regulations, such as comprehensive carbon pricing mechanisms, are expected to be implemented, accelerating innovation and widespread adoption of clean energy technologies, rapidly transforming the energy mix toward renewable sources, and thereby driving global carbon dioxide emissions to net zero around 2050. According to model projections, global average warming is highly likely to be kept below 2° C under this scenario, with efforts ongoing to achieve the 1. 5° C target. 	<ul style="list-style-type: none"> Existing climate commitments and policy frameworks remain largely unchanged, with no further significant strengthening measures implemented. Under this development pathway, the global economy will remain highly dependent on fossil fuels, and energy demand and GHG emissions will continue to increase throughout the century. The model indicates that this would lead to a significant increase in GHG concentrations, with global average temperatures potentially rising by more than 3° C above pre-industrial levels by 2100.
Path Selection	<ul style="list-style-type: none"> IPCC: SSP1-2.6 (referencing NGFS: Net Zero 2050) 	<ul style="list-style-type: none"> IPCC: SSP5-8.5 (referencing NGFS: Stated Policies)
Time Horizon	<ul style="list-style-type: none"> Short-term: 2030 Mid-term: 2040 	<ul style="list-style-type: none"> Long-term: 2050
Boundary Selection	<ul style="list-style-type: none"> Covering Smoore's own operations and value chain 	

Smoore Climate Risk Assessment Results

During the current financial year, Smoore conducted a systematic assessment of climate-related risks and opportunities. The assessment drew on international climate trends, industry insights, and relevant regulatory requirements, and analyzed across defined climate scenarios, the potential impact of future climate developments and associated uncertainties on the Company's strategic and operational resilience. Through this process, we identified 5 physical risks, 9 transition risks, and 3 climate-related opportunities of high materiality to our business and value chain, confirming that these factors may have a substantive impact on both our own operations and our broader value chain. By comparing these factors across two climate scenarios, we determined their degree of risk impact across different time horizons, and for factors assessed as high risk or high opportunity, further clarified their specific implications for Smoore and how the Company's existing actions address the most significant climate-related risks.



Physical Risk Assessment Results

Type of Risk	Location of Operations	Green Scenario SSP1-2.6						Brown Scenario SSP5-8.5		
		Short term		Medium term		Long term		Short term	Medium term	Long term
		Low	Relatively low	Medium	Relatively high	High	Low	Relatively low	Medium	Relatively high
Acute physical risk-Extreme heat	Shenzhen (CN), Dongguan (CN), Jiangmen (CN)	Medium	Relatively high	Relatively high	Relatively high	Relatively high	Medium	Relatively high	Relatively high	Relatively high
	Pasuruan (IDN), Malang (IDN), Surabaya (IDN), Manassas (US)	Relatively low	Relatively low	Relatively low	Relatively low	Relatively low	Relatively low	Relatively low	Relatively low	Relatively low
	Changsha City (CN), Phoenix (US), Weston (US)	High	High	High	High	High	High	High	High	High
Acute physical risk-Typhoon	Shenzhen (CN), Dongguan (CN), Jiangmen (CN), Surabaya (IDN)	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high
Acute physical risk-Extreme precipitation	Shenzhen (CN), Dongguan (CN), Jiangmen (CN), Malang (IDN), Surabaya (IDN)	High	High	High	High	High	High	High	High	High
	Changsha City (CN), Pasuruan (IDN)	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high
	Manassas (US)	Low	Low	Low	Low	Low	Low	Low	Low	Medium
	Phoenix (US)	Low	Low	Low	Low	Low	Low	Low	Low	Low
	Weston (US)	Relatively low	Relatively low	Low	Low	Low	Relatively low	Relatively low	Relatively low	Relatively low
Chronic physical risk-Rising sea level	Shenzhen (CN), Dongguan (CN), Jiangmen (CN), Surabaya (IDN)	Low	Low	Low	Low	Low	Low	Low	Low	Relatively low
Chronic physical risk-Rising average temperature	Shenzhen (CN), Dongguan (CN), Jiangmen (CN), Changsha (CN), Pasuruan (IDN), Malang (IDN), Surabaya (IDN), Manassas (US), Phoenix (US), Weston (US)	Low	Low	Low	Low	Low	Low	Low	Low	Relatively low

To systematically assess the potential impact of climate change on the Company's operations, Smoore conducted a comprehensive physical risk assessment covering the locations of its major physical assets. We began by identifying the primary types of climate risk each region may face and establishing clear definitions and scientifically grounded occurrence thresholds for each risk event. Building on this foundation, and drawing on the authoritative climate model database of the Beijing Climate Center (BCC), we quantified the level of risk exposure across different climate scenarios for each operational location over short-, medium-, and

long-term time horizons. This enabled us to identify the likely degree and severity of physical risk impacts on key assets across different future periods, with the findings serving as a data foundation for subsequent risk management and adaptation planning.

The substantive impact of chronic physical risks, namely rising sea level and rising average temperature, on Smoore is assessed as minimal. With regard to sea level rise, the rate of increase is gradual, projected future rises are relatively moderate, and the regions where the Company's principal

operational sites are located benefit from well-established coastal protection and flood defense systems, resulting in a very low level of exposure. As for rising average temperatures, the projected increase remains moderate and does not breach critical temperature thresholds. The Company's existing production temperature control and warehouse climate management systems are fully capable of adapting to such gradual change without any material impact on operations. In light of the above, both categories of chronic physical risk are assessed as having a negligible level of impact and will not be subject to further analysis.

Potential Impacts of Physical Risks and Existing Response Measures

Risk Categories	Name of Risk	Affected Operating Areas of Smoore	Affected Segments of Smoore's Business	Affected Time Horizon	Description of Potential Impacts	Response Measures
Physical Risk	Extreme Heat	Shenzhen, Dongguan, Jiangmen, Changsha, Phoenix (US), Weston (US)	Production operations, warehousing, logistics	Short, medium, and long term	<ul style="list-style-type: none"> Increased production energy consumption and planning disruption: Increased refrigeration energy consumption and cost. Extreme high temperature may lead to overload operation of equipment, resulting in interference with normal production planning. Product quality impairment in warehousing and logistics: Extreme high temperatures may lead to increased temperature control system failure in warehouse or logistics environment, affecting product quality. Logistics temperature control cost risk: High temperature environment may push up logistics transportation costs that need constant temperature control. 	<ul style="list-style-type: none"> In production and storage environments, we strictly implement temperature and humidity monitoring and maintenance to ensure that equipment maintaining constant temperature and humidity conditions has sufficient redundant capacity and operates reliably. In terms of logistics, raw materials are stockpiled in advance before the high temperature season to avoid the increase in logistics costs.
	Typhoon	Shenzhen, Dongguan, Jiangmen, Surabaya (IDN)	R&D, production operation, warehousing, logistics	Short, medium, and long term	<ul style="list-style-type: none"> Suspension of R&D activities: Typhoon may result in short-term disruption of research and development activities with limited impact on overall project schedule. Production shutdown and employee safety risks: Strong winds and rains may lead to power outages, damage to production facilities and unplanned shutdowns, while threatening personnel safety. In Shenzhen, the main place of operation of Smoore, under the typhoon red warning, the government will call on enterprises to shut down production in an all-round way. Storage damage: Heavy rain and strong wind brought by typhoon may cause water to enter the reservoir area, and the e-liquid, packaging and other materials in the reservoir are damp and deteriorated, resulting in inventory loss. Logistics disruption: Disruption of land, port and air transportation, resulting in delays in delivery. 	<ul style="list-style-type: none"> Improve and regularly drill special emergency plans, implement wind and waterproof reinforcement projects of factory buildings, and ensure production safety. By improving the drainage system, setting up flood control facilities and placing production spaces and facilities on high floors to prevent flooding risks caused by extreme precipitation. Before typhoon or rainstorm season, comprehensively consider customer delivery deadline and production capacity, and plan production plans in advance.
	Extreme Precipitation	Shenzhen, Dongguan, Jiangmen, Changsha, Pasuruan (IDN), Surabaya (IDN), Malang (IDN)	R&D, production operation, warehousing, logistics	Short, medium, and long term	<ul style="list-style-type: none"> Suspension of R&D activities: Extreme Precipitation may result in short-term interruption of R&D activities, but has limited impact on overall R&D progress. Production shutdowns and increased operational costs: Increase the dehumidification energy consumption and cost of operation, and may affect production and operation due to flooding of facilities or disruption of employee commuting. In Shenzhen, the main place of operation of Smoore, under the red warning of rainstorm, the government will call on enterprises to shut down production in an all-round way. Warehouse cargo damage: High humidity or water entry may lead to moisture deterioration of e-liquid, packaging and other materials in the warehouse, resulting in inventory loss. Logistics disruption: Disruption of land, port and air transportation, resulting in delays in delivery. 	<ul style="list-style-type: none"> To ensure logistics resilience, multiple departure ports such as Shenzhen, Shanghai and Ningbo and alternate European railway transportation schemes are planned, and air transportation will be enabled in emergency situations to mitigate the risk of transportation interruption. At the same time, local warehouses are adopted to stock up in advance in logistics destinations to effectively cope with risks.

Transition Risk Assessment Results

Risk Categories	Type of Risk	Risk Events	Description of Potential Risks	Green Scenario SSP1-2.6	Brown Scenario SSP5-8.5
Policy	Requirements and regulation of existing products and services	Low carbon regulations	<ul style="list-style-type: none"> Low-carbon regulatory compliance risk: systemic pressure from major sales markets to force enterprises to accelerate climate transformation through policies, regulations and carbon mechanisms. The existing climate transition regulations and requirements in the EU and China are the most stringent, closest to SSP1-2.6 and NGFS Net Zero 2050 scenarios. As a Chinese enterprise and the EU is the main sales market, Smoore faces significant low-carbon regulatory risk. Other sales markets of Smoore, such as Australia and the United States, constitute incremental risks under green scenario. 	High	Low
	Increased pricing of GHG emissions	Carbon pricing policy	<ul style="list-style-type: none"> Increased compliance costs for enterprises: Smoore's Shenzhen facility has been included in the local carbon emission trading system and is required to complete carbon quota obligations in accordance with regulations. With the expansion of carbon market and the fluctuation of carbon price, enterprises are faced with the risk of increasing compliance and operating costs. 	High	Low
		Carbon tariff policy	<ul style="list-style-type: none"> Rising export costs for enterprises: At present, only the EU has a CBAM carbon border adjustment mechanism, which increases the cost of enterprises exporting to the EU market by imposing fees on imported products with high carbon content. Although Smoore's products have not been covered yet, the plan will expand the scope to aluminum-containing downstream products in 2028. Given that this expansion proposal remains under deliberation, there is significant uncertainty regarding whether the Company's products will ultimately be included. As Smoore's products contain aluminum, a certain degree of risk exposure exists. 	Low	Low
Technical	Costs of low-carbon technology transition	Products using low-carbon materials or processes	<ul style="list-style-type: none"> Rising R&D and production costs: Under the green scenario, enterprises need to continuously reduce their product carbon footprint, and are faced with the pressure of cost investment of key material substitution and process innovation, as well as product and production technology improvement. 	High	Low
		Product design for recyclability	<ul style="list-style-type: none"> Rising R&D and production costs: Under the green scenario, the pressure on product circular economy and environmental protection is increasing, which requires product redesign, production line transformation and new assembly and testing processes. 	Low	Low
Market	Raw material/energy prices increase	Rising raw material prices	<ul style="list-style-type: none"> Insufficient supply of raw materials: The frequent occurrence of extreme weather caused by climate change may lead to production reduction or logistics interruption in some raw material origins, resulting in supply chain shortages and rising raw material prices. Smoore may be required to procure at higher prices or activate alternative suppliers under conditions of inadequate preparation. 	Low	Low
		Rising energy prices	<ul style="list-style-type: none"> Increase in production and operating costs: The use of fossil energy is restricted due to low-carbon policies, resulting in increased energy costs. These costs have propagated through all stages, including raw material production, manufacturing, warehousing, and logistics, thereby leading to an increase in Smoore's procurement and operating costs. 	Low	Low
	Customer behavior shift	Shift in customer demand for sustainable products	<ul style="list-style-type: none"> Decline in market share and competitiveness: Downstream core customers, driven by their own commitments to carbon reduction and sustainable development as well as low-carbon policy requirements in their sales markets, have increasingly imposed low-carbon and environmental protection requirements on Smoore's product design, materials, production, and disclosure. This has created significant pressure for a sustainable product transformation that cannot be ignored. 	High	Low
Reputation	Increased concerns or negative feedback from stakeholders	Investor concerns about the Company's ESG performance	<ul style="list-style-type: none"> Underperformance of enterprises in low-carbon transition, environmental compliance or sustainable management may trigger negative investor reviews and affect their investment decisions, thereby putting systemic pressure on corporate reputation, financing and business stability. 	Low	Low

For Smoore, the actual impact of risk related to carbon tariff policy, product design for recyclability, raw material and energy price increase risk, and investor concern over the Company's ESG performance is assessed as low. Regarding carbon tariff policy, current and near-term expansion proposals do not explicitly cover the Company's core products, future uncertainty remains high, and even if coverage were to extend, it would be limited to specific materials such as aluminum. On product recyclability design, the pressure on Smoore is primarily indirect, transmitted through policy requirements, and is largely dependent on the performance of upstream and downstream partners; the factors that could directly affect Smoore are limited. With respect to raw material price volatility driven by climate risk, such fluctuations tend to be regionally concentrated, whereas the raw materials Smoore requires do not exhibit notable regional characteristics, and alternative suppliers are readily available, resulting in minimal actual impact. As Smoore's primary energy source is electricity and the supply chain resilience for its raw materials is relatively strong, rising energy prices have only an indirect effect on the Company's production and operating costs. Finally, investors have not to date expressed specific concerns or made explicit assessments regarding Smoore's climate-related performance, and the likelihood of a significant increase in such concerns in the future is considered low. In light of the above, these categories of climate transition risk are assessed as having a low level of impact and will not be subject to further analysis.

Potential Impact of Transition Risks and Existing Response Measures

Risk Categories	Name of Risk	Risk Events	Affected Business Segments	Affected Time Horizon	Description of Potential Impacts	Response Measures
Policy	Requirements and regulation of existing products and services	Low carbon regulations	Procurement, R&D, production and operation	Short, medium, and long term	<ul style="list-style-type: none"> EU market access and product withdrawal: In order to meet the mandatory requirements of the European Union's <i>New Battery Law (EUBR)</i> and <i>Packaging and Packaging Waste Regulation (PPWR)</i> on battery removability, carbon footprint disclosure and the proportion of recycled plastics in packaging, the Company needs to make compliance changes in product design, material procurement and production processes. If the requirements are not met on time, the product will face access barriers or be forced to be removed from the shelves in the EU market. 	<ul style="list-style-type: none"> It is planned to establish a supply chain carbon footprint audit mechanism in 2027 to ensure the delivery of battery passport data in 2028, and continuously verify whether the materials meet customer and regulatory requirements. On the R&D side, we continued to introduce bio-based and recycled materials, optimized the product structure (such as eliminating non-essential components), and met the requirements of battery removability and packaging recycling ratio from the source. Solidify and implement cross-departmental collaborative verification processes for EUBR, PPWR and other regulations in the production and procurement processes to ensure full-link compliance.
	Increased pricing of GHG emissions	Carbon pricing policy	Production operation, product sales	Short, medium, and long term	<ul style="list-style-type: none"> Domestic production compliance and cost pressure: the Company's operating entities have been included in the local carbon market. In the long run, if atomized products are included in the national carbon market or the carbon price increases significantly, purchasing quotas for performance will directly increase operating costs. 	<ul style="list-style-type: none"> Actively evaluate and retain the technical capabilities of investing in and building clean energy projects such as photovoltaics in production bases, and actively manage the possible quota fulfillment costs of the national carbon market by improving energy efficiency and reducing its own emissions.
Technical	Costs of low-carbon technology transition	Products using low-carbon materials or processes	R&D, production and operation	Medium and long term	<ul style="list-style-type: none"> Increased R&D investment and verification costs: In order to carry out the R&D of low-carbon technologies or low-carbon products, the Company needs to conduct a large number of preliminary material screening, performance testing, mold development and process verification, resulting in a significant increase in R&D expenses and an extension of the product development cycle. Increased production transformation costs and unit costs: The technology and processes required for low-carbon production will lead to the transformation of existing production lines and the addition of special equipment, resulting in additional capital expenditure. At the same time, the introduction and commissioning of new processes may temporarily reduce the production efficiency, resulting in an increase in the production cost per unit product in the short term. 	<ul style="list-style-type: none"> Deepen research on battery modular design and low-carbon material substitution, jointly explore paths such as bio-based materials with customers, and improve the pertinence of research and development to control the verification cost and cycle. Promote low-power and lightweight design of instrument products, develop green formulas using sustainable raw materials, and reduce reliance on high-cost new processes at the source. When introducing new processes and materials, we will strengthen collaborative development with suppliers, and adopt small-batch trial production, strict verification and other methods to smoothly debug the production process, so as to minimize the short-term impact on production efficiency and control the increase of unit production cost.

Risk Categories	Name of Risk	Risk Events	Affected Business Segments	Affected Time Horizon	Description of Potential Impacts	Response Measures
Market	Customer behavior shift	Shift in customer demand for sustainable products	Research and development, procurement, production and operation, product sales	Short, medium, and long term	<ul style="list-style-type: none"> • Rising product R&D and design costs: In order to meet the sustainable requirements of core customers such as easy disassembly, lightweight and recyclability of products, the Company needs to invest more resources in product redesign, new material verification and testing, which directly increases R&D costs and may extend the development cycle. • Structural increase in raw material procurement costs: Customers demand to increase the proportion of renewable or recycled materials in products, and the cost of such materials is usually significantly higher than that of traditional materials, which will lead to a structural increase in the Company's procurement costs. • Compliance of production and operation and increased energy cost: In response to customers' requirements for carbon reduction in the supply chain, the Company needs to optimize the production process and may need to purchase green electricity or green certificate, which will increase the compliance management cost and energy expenditure at the production end. • Pressure on sales pricing and profit margins: The new R&D, procurement and production costs to meet customer requirements may put certain pressure on the pricing competitiveness of products and the overall profit margins of the Company. 	<ul style="list-style-type: none"> • Explore bio-based materials, research and development of low-nickel and low-chromium heating elements, promote the simplified design of battery modules, and put forward environmental protection requirements such as easy disassembly and lightweight to the product design stage to optimize R&D investment and control the cycle. • In the face of the rising cost caused by renewable materials, we will work with customers to promote the research and development and selection and verification of low-cost alternative materials. At the same time, we formulated and implemented backup plans for key plastic raw materials in Asia and China to enhance supply chain resilience and cushion cost and supply fluctuations.



Climate Opportunity Assessment Results

Opportunity Categories	Type of Opportunity	Opportunity Events	Description of Potential Opportunities
Energy Sources	Renewable energy adoption	Enhancing environmental benefits with green renewable energy	Building distributed photovoltaics or purchasing green electricity, gradually increasing the proportion of clean energy use, etc. improve ESG performance and corporate image, reduce compliance risks, and strengthen customer relationships.
Resource Efficiency	Low-carbon technology transition	Low-carbon production and operation through technical monitoring and energy-saving measures	Apply technical monitoring and optimization measures such as high-efficiency energy-saving equipment, waste heat recovery and intelligent manufacturing to systematically reduce energy and material consumption in production and operation, reduce operating costs, improve production efficiency and effectively cope with strict energy efficiency regulations and cost pressures.
Market Opportunities	Products and services	Sustainable product R&D	Through the research and development of sustainable products such as battery modularization and application of environmentally friendly materials to meet future regulations and customer needs, we gained market advantages, brought cost savings and increased market share.

For Smoore, the transition opportunities associated with renewable energy adoption, low-carbon technology transition, and product and service innovation offer relatively limited practical business momentum and potential value. While renewable energy adoption can help optimize long-term energy costs and ESG performance, it is difficult to translate directly into core product competitiveness or market share gains, and it does not represent a primary growth driver for the Company. The operational cost savings, energy and material efficiency improvements, and productivity gains associated with low-carbon technology transformation involve lengthy impact cycles; Smoore would need to commit substantial upfront investment, with benefits that are not significant in the near term and whose long-term significance cannot yet be confirmed. Forward-looking product development in response to green regulations and customer requirements is more in the nature of a compliance and adaptation measure aimed at consolidating existing market position and mitigating risk, rather than a core business development direction capable of generating meaningful incremental revenue. In light of the above, these categories of climate opportunity are assessed as having a low level of potential impact and will not be subject to further analysis.

Financial Impact Assessment Results

Based on its well-established climate risk prevention measures and management mechanisms, Smoore demonstrates strong climate resilience in addressing the physical risks identified at the current stage. To continuously enhance management effectiveness and identify areas for improvement, the Company conducted a current-period financial impact analysis on the basis of its systematic identification and assessment of climate-related risks, with the aim of examining the effectiveness of existing measures and evaluating potential risk exposures. The assessment results indicate that, during the Review Period, physical risks including extreme heat, typhoons, and extreme precipitation did not have a material financial impact on Smoore overall. The Company has also effectively managed and mitigated physical climate risks through a range of well-established measures, including early warning mechanisms, property insurance coverage, and operational process adjustments. Going forward, the Company will continue to incorporate climate insights into its business continuity planning, progressively strengthen operational resilience, and effectively address the challenges posed by physical risks.

We have assessed the transition risk challenges that Smoore may face in the future, including regulatory compliance requirements (such as the EU EUBR/PPWR), the internalization of carbon costs, low-carbon technology transformation, and customer green procurement requirements. During the Review Period, climate transition risks have not yet had a material impact on Smoore's overall financial position. Smoore plans to address these challenges through a series of transition measures, including advancing product compliance and green innovation, reducing operational carbon emissions, and strengthening supply chain collaboration. These initiatives will entail phased increases in research and development expenditure, green material procurement premiums, and capital expenditure, and are critical to mitigating market access risks and maintaining customer relationships. To more precisely manage the financial impacts arising from this transition, Smoore will further strengthen its relevant data collection systems, and intends to conduct and disclose more in-depth quantitative analysis of the anticipated financial impacts of individual climate transition initiatives, including costs, investments, risk mitigation value, and potential revenue, in subsequent reporting cycles.

Risk Management

The Group regards climate risk management as a core component of achieving sustainable, high-quality development and has systematically integrated this work into its overall enterprise risk management framework. Through establishing standardized management processes and professional assessment tools, we regularly conduct the identification, evaluation, analysis, and management of climate-related risks and opportunities. The Board is responsible for overall oversight and strategic decision-making, the ESG Committee coordinates and aligns efforts, and cross-functional working Groups drive the implementation of specific actions. We conduct in-depth analysis of the potential impacts of climate change on our business operations, financial performance, and long-term strategy, and establish a tiered and categorized management mechanism aimed at effectively mitigating climate-related risks while actively seizing opportunities arising from the green transition.

Climate Risk Management Process



Metrics and Targets

To ensure that our ongoing emissions reduction pathway aligns with the temperature goals of the *Paris Agreement*, the Group has established science-based targets certified by the Science Based Targets initiative (SBTi), to integrate our emissions reduction actions into a globally recognized framework.

To systematically manage climate-related risks and opportunities, the Group has conducted annual GHG identification, assessment, and verification work since 2023. The scope of verification covers the Group and its subsidiaries production facilities, encompassing Scope 1, Scope 2, and Scope 3 emissions. Scope 2 emissions are measured using the market-based method, and we currently achieve green electricity consumption through the procurement of renewable energy certificates. Scope 3 emissions cover categories relevant to the Group's value chain, including but not limited to purchased goods and services, upstream transportation and distribution, and waste generated in operations; emission reduction efforts are focused on supplier carbon emission management, transportation mode optimization, and material recycling. The Group measures GHG emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*, with no material changes to the measurement methodology during the Review Period. We track key climate indicators and target progress to drive the integration of climate issues into day-to-day operations and decision-making, achieving closed-loop management.

The Group has not identified any transition risks, physical risks, or opportunities that have had a material financial impact on specific assets or business activities in 2025, and accordingly has not yet quantified or disclosed the relevant amounts and percentages. We will continue to monitor and reassess these matters in future Review Periods. Climate considerations are incorporated into our capital allocation decisions, with capital expenditure prioritized toward energy efficiency improvements, renewable energy adoption, and climate resilience building, in support of our low-carbon transition objectives and operational continuity.

The above targets have been submitted to the Science Based Targets initiative (SBTi) for validation, set in accordance with the SBTi 1.5 °C pathway methodology and aligned with the long-term temperature goal of the *Paris Agreement*. The targets cover Scope 1, 2, and 3 emissions, with a target year of financial year 2030. Scope 1 and 2 targets are expressed as absolute reductions, while the Scope 3 target is intensity-based, covering GHGs including carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons. The Group prioritizes achieving GHG reductions through its own operational emission reductions and value chain collaboration. For entities designated as key emitters under emissions trading schemes, quota compliance will be fulfilled in accordance with applicable laws and regulations. Target progress is monitored through annual GHG verification and reviewed periodically by the ESG Committee, with no material revisions to the targets during the Review Period.

Industry Indicators

To systematically assess the Company's capacity to respond to climate-related risks and track progress on its sustainable transition, Smoore has established a normalized environmental performance monitoring system that continuously tracks, compiles, and discloses key environmental indicators, including Scope 1, 2, and 3 GHG emissions and emission intensity, total energy consumption and energy mix, and water resource utilization. Detailed data and historical comparisons for these indicators can be found in the "Annual Key Performance Indicators" section of this report.

Internal Carbon Pricing

To date, Smoore has not formally introduced carbon pricing tools into its internal decision-making and investment evaluation processes. We recognize that establishing an internal carbon pricing mechanism would help make the cost of carbon emissions explicit, thereby encouraging business units to more proactively implement emission reduction measures and optimize resource allocation, ultimately supporting the achievement of the Company's overall carbon reduction targets. As a next step, the Company will conduct a feasibility assessment, informed by operational realities and emission reduction pathways, on the development of a cross-departmental carbon pricing scheme and the exploration of an internal carbon trading mechanism, with a view to systematically driving GHG reductions and enhancing the standard of climate governance.

Key Performance

In 2025

the Company's total greenhouse gas emissions were

1,142,968.0 tCO_{2e}

comprising Scope 1 emissions of

2,532.2 tCO_{2e}

Scope 2 emissions of

68,429.9 tCO_{2e}

and Scope 3 emissions of

1,072,005.9 tCO_{2e}

Purchase volume of green certificates during the Review Period

37,080 MWh

Carbon Targets

📄

- **Near-Term Targets:** We commit to reduce absolute Scope 1 and 2 GHG emissions 42% by FY2030 from a FY2023 base year.
- We also commit to reduce Scope 3 GHG emissions 51.6% per million RMB value added within the same timeframe.

Achievement of carbon emissions targets

📄

- Absolute reduction in Scope 1 and Scope 2 GHG emissions by **14.0%** in FY2025, taking FY2023 as the base year
- Taking FY2023 as the base year, Scope 3 GHG emissions per million RMB of added value were reduced by **2.9%** in FY2025

Promoting Green Operations

Smoore fully recognizes that environmental sustainability is critical to its operations. We are committed to reducing our environmental footprint, continuously improving in environmental management, operating responsibly, and driving the entire value chain to adopt the same responsible practices.

Environmental Management

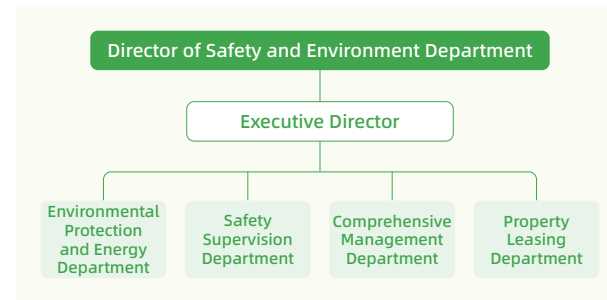
Smoore strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*, and has established and implemented internal procedures including the *Procedures for Identification and Evaluation of Environmental Factors*. Based on external regulatory requirements, internal rules and regulations, and actual production and business operations, the Company has established a sound environmental management system. In 2025, a total of 9 operating sites within the Group were certified under the ISO 14001 Environmental Management System.



ISO 14001 Environmental Management System Certification

We have established a three-tier governance structure under the overall leadership of the Safety and Environment Department, with hierarchical management across business modules to facilitate the effective implementation of the Company's Environment, Health and Safety (hereinafter referred to as "EHS") management practices. The Group's Safety and Environment Department takes the lead in formulating and implementing the Company's EHS management strategy and performance management framework, establishing and rolling out the EHS management system, and exercising focused oversight of EHS policy compliance. The Safety and Environment Department also provides support to subsidiaries in fulfilling regulatory requirements, including the "Three Simultaneities" principle for environmental protection, while delivering professional technical guidance for day-to-day EHS management, effectively addressing EHS issues arising from the Company's own operations and ensuring continuous improvement.

Organizational Structure of the Safety and Environment Department



Environmental Management System

- Specialized Group on Environmental Protection**
 - Establish an Specialized Group on Environmental Protection to ensure that environmental requirements are fully implemented.
- Environmental Management Standards**
 - The organization conducts environmental standard training
 - Undergo external oversight and conduct third-party certification
- Risk Management**
 - Conduct environmental factor identification activities. In 2025, a total of 3,187 environmental factors were identified, with corresponding control measures established and refined for all significant environmental factors.
- Environmental Special Inspection**
 - Conduct special environmental inspections and continuously improve

Guided by the principles of "prevention-first, rapid response, systematic management," the Company has established an environmental emergency management system. Institutional documents including the *Emergency Preparedness and Response Control Procedure* and the *Accident Management Procedure* have been formulated, and an emergency leadership team has been set up at each operational site. Regular emergency drills are conducted in accordance with the *Work Safety Accident Emergency Response Plan*, simulating sudden work safety incidents and activating emergency response procedures. These exercises encompass emergency rescue operations, evacuation and perimeter control, and medical response activities, with the aim of verifying the practical effectiveness of emergency plans, ensuring that employees are familiar with emergency response protocols, enhancing their capacity to handle unexpected incidents, and providing meaningful protection for ecological and environmental safety.

The Company commissions a third-party testing agency to conduct regular environmental inspections across all operational sites annually, ensuring that wastewater, exhaust gases, and noise emissions comply with regulatory discharge standards.

During the Review Period, Smoore

Did not

experience any significant environmental incidents

and was

Not

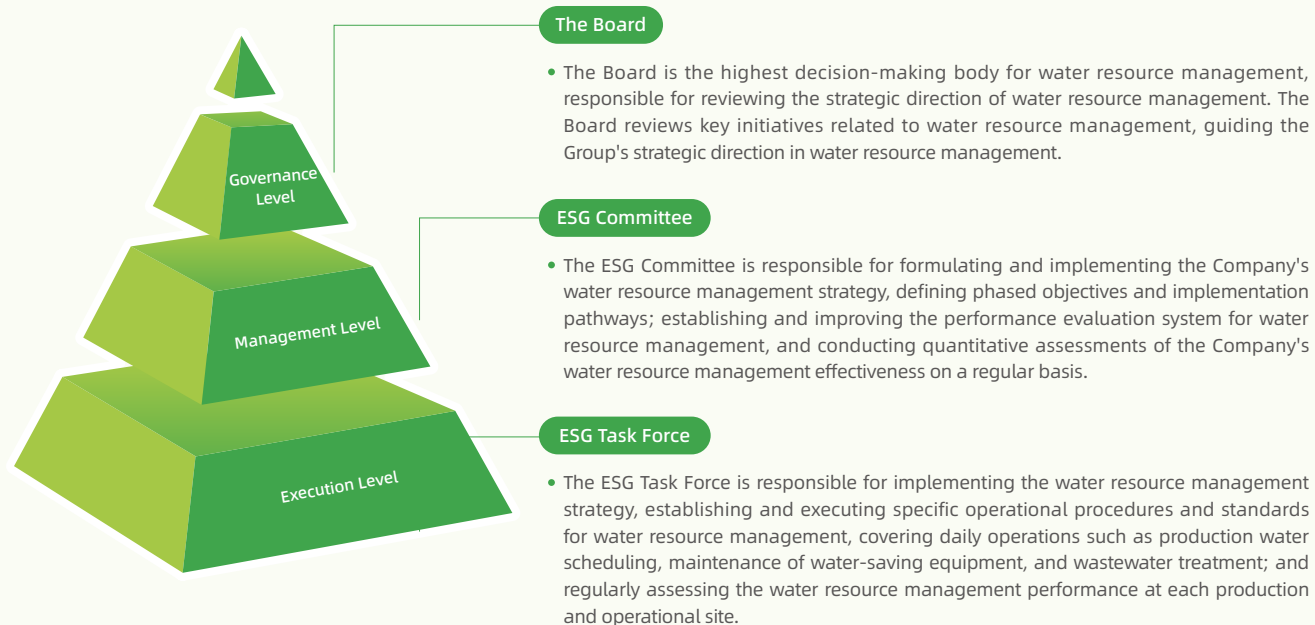
subject to any ecological and environmental administrative penalties



Water Resource Management

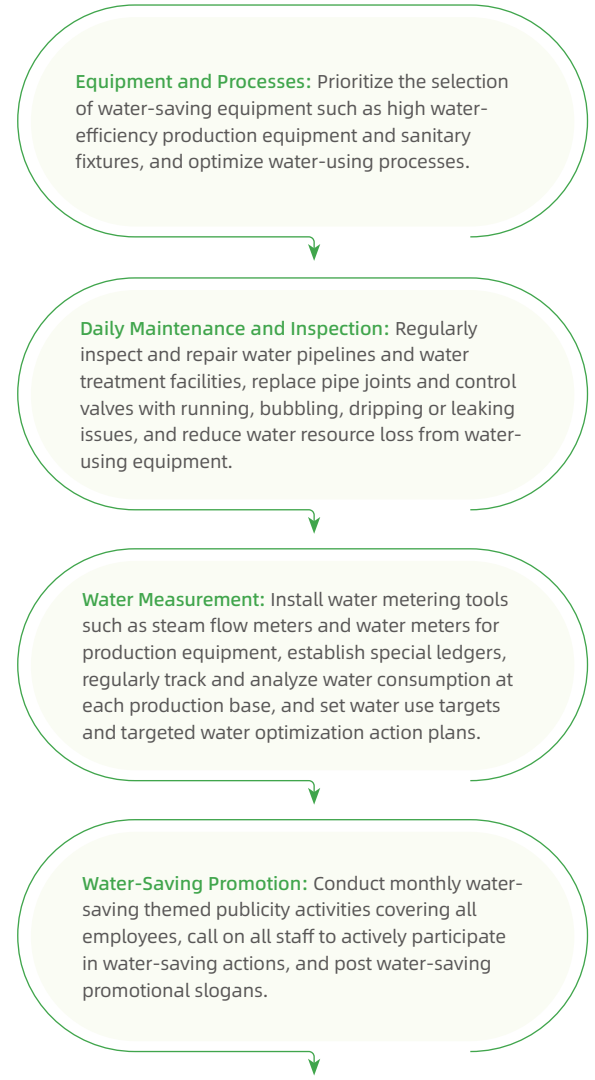
To strengthen water resource management and promote the sustainable use of water resources, Smoore has publicly released the *Water Resources Management Policy*⁴ on its official website, which applies to all subsidiaries, R&D centers and production facilities under the Group. The policy sets out the principles, management requirements and water-saving directions for water resource management, and on this basis, the Group has established clear water resource management targets. We have set a water usage target to reduce per capita water withdrawal and consumption across the Group by 20% by 2040, using 2024 as the baseline year. In 2025, the Group's per capita water withdrawal stood at 39.24 cubic meters per person, representing a decrease of 5.6% compared to the baseline year.

Smoore Water Resource Management Structure



We strictly comply with the *Water Law of the People's Republic of China*, formulate and implement the *Water Use Management System*, aiming to conserve water resources and reduce waste. We systematically advance various water-saving measures to ensure effective utilization of water resources across the Group. The Company's electronic nebulizers production activities are classified as non-water-intensive operations, with no significant water consumption. Water usage primarily stems from office and residential needs, as well as certain production processes.

Key Water-Saving Initiatives



⁴ https://en.smooreholdings.com/uploads/2.1WaterResourceManagementPolicy_1756360722.pdf



Optimizing Cooling Tower Cleaning at Jiangmen Base to Reduce Water Consumption

Case

The Jiangmen base reduced water consumption during cooling tower cleaning by installing vacuum pumps for localized suction, avoiding complete drainage of water from the cooling towers, and saving over 400 tonnes of water in 2025.



Optimization of Cooling Tower Cleaning Model at Jiangmen Base

The Company closely monitors the potential impacts of its water usage on surrounding communities, maintaining regular communication with neighboring businesses and property managers around each operational site on water usage and related matters. Annual assessments of water consumption are conducted across all production and operational facilities to continuously optimize water use efficiency, rigorously manage the impact of production and daily activities on water resources, and minimize any adverse effects on water ecosystems. During the Review Period, no material water resource management risks were identified; the Company's water intake and discharge activities did not adversely affect the daily lives of residents in surrounding communities, and no related complaints were received.

We continue to strengthen the water resource management system within our supply chain and collaborate with suppliers to implement water-saving process upgrades and applications of recycled water utilization technologies. We conduct specialized research to evaluate suppliers' implementation of water-saving measures, regularly collect and analyze water usage data from suppliers, and drive suppliers to establish and achieve water conservation targets.

Energy Management

The Group strictly complies with relevant laws, regulations, and policy requirements, including the *Law of the People's Republic of China on Energy Conservation* and the *Management Measures for Key Energy-Using Units*, formulates and implements internal rules and regulations such as the *Energy Management Handbook* and the *Energy Evaluation and Control Procedures*, clearly defines energy management responsibilities at all departments and positions, and integrates energy-saving and consumption-reduction targets into every stage of the Company's production and operation processes based on its actual operational conditions and external regulatory requirements.

Energy Management Targets

The comprehensive energy consumption per unit of product decreases by **1%** year on year compared to the base year (2022).

The Company continues to improve and establish a sound energy management system by introducing an energy management system, setting up energy-saving and emission-reduction ledgers, and regularly conducting internal audits, gradually achieving standardized, conservation-oriented, and refined energy management. The Company conducts an energy review annually by establishing an energy review team and developing the *Energy Review Plan*. The review team carries out the assessment based on documentation such as energy consumption records, product information, process flows, equipment inspection reports, and monitoring results. The review includes evaluating current energy usage, identifying major energy-consuming areas and related variables, assessing future energy usage trends, and identifying opportunities for energy savings, resulting in a list of energy-saving opportunities. Currently, the Group has 2 operational sites certified under the ISO 50001 Energy Management System.

Key Performance

In 2025

the Group's per capita water withdrawal was

39.24

cubic meters per person

representing a decrease of approximately

5.6%

compared to 2024



ISO 50001 Energy Management System Certification

Energy Management Measures

Energy Monitoring and Statistics

- Establish an energy monitoring and statistics system, set up a ledger for energy-consuming equipment, monitor and analyze the energy consumption of major energy-consuming equipment, and provide a basis for energy-saving optimization decisions.

Production Process Optimization and Equipment Upgrade

- Promote energy-saving technologies: Introduce and promote highly efficient energy-saving production equipment and technologies to reduce energy consumption per unit product.
- Optimize production processes: Sort out and optimize production processes, reduce energy-wasting links, and realize efficient energy utilization.
- Regular equipment maintenance: Improve the regular equipment maintenance system to ensure equipment operates in good condition and reduce energy consumption.

Energy Conservation and Eco-friendly Office

- Laboratory optimization: Monitor and analyze the operating status of laboratory instruments, adjust and optimize machines that can be shut down when no one is present to reduce power consumption.
- Production plant optimization: During plant operation, optimize lighting equipment in unoccupied office areas and reduce power consumption by measures such as turning off some lights.
- Office environment optimization: Strengthen energy management in the office environment, advocate employees to save electricity and water, and foster a green and low-carbon office concept.

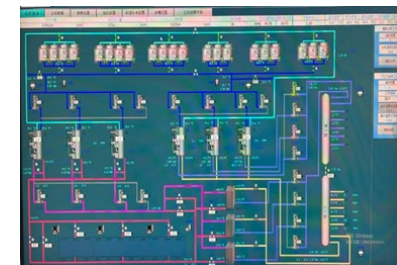
Energy-saving initiatives and specialized training are conducted on a regular basis at factories within the Group, continuously strengthening employees' awareness of energy conservation and promoting the seamless integration of energy-saving measures from promotion to implementation, turning small-scale savings into daily habits. At the same time, we encourage employees to submit reasonable suggestions for optimizing energy use. Employees who actively promote cost reduction and efficiency improvement, as well as those who implement energy-saving and consumption-reducing technological upgrades with noticeable results, will be awarded bonuses in accordance with the *Management Measures for Rewards and Punishments*, thereby stimulating continuous improvement and injecting sustained grassroots momentum into the Company's ongoing optimization of its energy structure and sustainable development.



Optimizing Winter Air Conditioning Operation Strategy at Jiangmen Base to Enhance Energy Efficiency

Case

The Jiangmen base adjusts the air conditioning operation schedule according to seasonal outdoor temperature and humidity. When the outdoor ambient temperature is $\leq 20^{\circ}\text{C}$, the base-load air conditioning is not activated during nighttime hours, and instead, fresh air cooling is utilized to fully leverage natural cooling sources. This measure is expected to save over 140,000 kWh of energy consumption by 2025.



Jiangmen Base utilizes natural fresh air for cooling



Replacing Smart LED Lights to Save Electricity and Energy Costs

Case

To improve energy efficiency and conserve power, the Company piloted a lighting replacement project in office areas in 2025, replacing conventional bulbs with LED lights and installing intelligent control systems that automatically turn off during midday breaks and after work hours, enabling precise management of lighting energy consumption. This initiative saved 3,650 kWh of electricity in 2025.

Auxiliary Material Usage Management

The Group has established and implemented the *Resource Conservation Management Regulations* to continuously advance material cost reduction strategies. In the non-production auxiliary materials sector, we enhance material utilization rates through multiple approaches, including technological innovation, solution optimization, and integration with digital production systems.

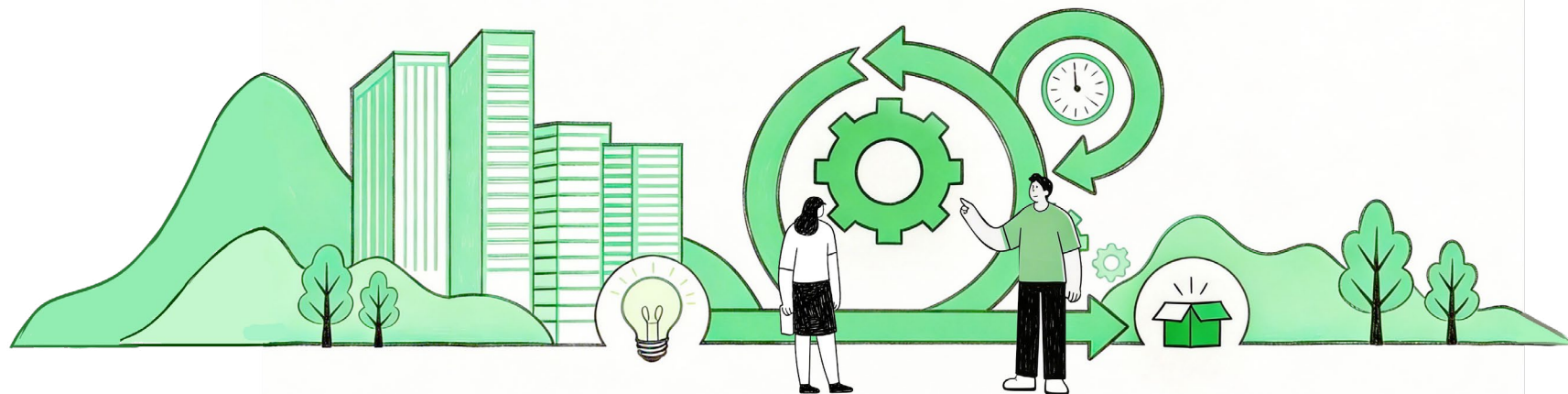
We actively implement refined management by integrating digital production systems such as WMS, MES, and SCADA to achieve real-time control and precise material feeding, thereby reducing material waste; furthermore, when abnormalities occur at the production site, timely alerts and adjustments can be made to the material system to minimize material losses caused by such incidents.



Recycling Plastic Waste and Sprues

Case

- Plastic parts, sprues, and other components will be collected and recycled, then handed over to third-party processors to enhance resource circular utilization efficiency and reduce environmental impact.
- By incorporating recycled plastic scraps into raw materials and then producing plastic finished parts, on-site resource recycling of production waste has been achieved, reducing the consumption of virgin plastic raw materials and alleviating waste disposal pressure, thereby promoting the construction of a material circulation system.



Strengthening Pollution Prevention and Control

Smoore has consistently monitored the impact of emissions generated across its production and operational processes on the surrounding ecological environment. We have established strict and detailed management systems and control procedures for wastewater, waste gas, and waste emissions. Through routine monitoring of emission levels and regular inspections and supervision, we ensure that all pollutant discharges consistently comply with the latest environmental protection regulations and emission standards in regions where it operates.

Wastewater Management

The Group strictly complies with the *Law on Water Pollution Prevention and Control of the People's Republic of China*, formulates and implements the *Wastewater Management Regulations*, and conducts standardized management over the collection, treatment, and discharge of various types of wastewater. The industrial wastewater generated from the Company's operations is minimal. A small amount of cleaning wastewater containing oil residues and spent chemical reagents was collected as hazardous waste, either entrusted to qualified hazardous waste treatment providers for disposal or treated at the Company's internal wastewater treatment equipment to meet discharge standards before being discharged together with domestic sewage. For domestic wastewater, we treat it through grease traps and septic tanks to meet discharge standards before connecting it to the municipal drainage network for further treatment by the local wastewater treatment plant; for surface runoff, we implement separate stormwater and sewage systems to ensure compliance with discharge regulations.

The Company conducts regular maintenance and servicing of water treatment facilities and channels, complies with discharge declaration requirements, and engages third-party testing agencies to inspect production and domestic wastewater, effectively preventing water resource pollution. In 2025, the Group discharged a total of 907,517.6 metric tonnes of domestic wastewater.



The Jiangmen Base Achieved Compliance Discharge by Constructing Its Own Wastewater Treatment Facility

Case

The Jiangmen Base has constructed its own wastewater treatment facilities to manage oily wastewater generated from sinks on various floors within the park. The facility was designed for a daily processing capacity of 50 m³/h and employs a process chain consisting of "wastewater equalization tank – booster pump – micro-nano bubble flotation unit – intermediate water tank – intermediate booster pump – coagulation and sedimentation equipment." After multi-stage treatment, the effluent meets discharge standards, effectively addressing the issue of sink wastewater pollution.



Wastewater Treatment Facility at Jiangmen Base



Wastewater Reuse in Indonesia

Case

Each factory in the Indonesia region is equipped with a complete wastewater treatment system, which centrally collects and professionally treats both industrial and domestic wastewater. After treatment, the reclaimed water meets reuse standards and is widely used for landscaping irrigation within the facility, enabling tiered water utilization. This approach enhances water use efficiency while reducing impacts on the surrounding water environment, promoting a green transformation in production and operations.

Waste Gas Management

The Group strictly implements the *Law of the People's Republic of China on Air Pollution Prevention and Control* and the *Comprehensive Emission Standards for Air Pollutants*, and has established the *Regulations on Waste Gas Management*. For all production and daily activities that generate emissions, we have installed emission control facilities meeting the required standards, and conduct regular inspections annually to ensure 100% compliance with emission regulations. In addition, we use VOC-free (volatile organic compounds) environmentally friendly adhesives and replace alcohol-based solvents with water-based solvents to reduce emissions of atmospheric pollutants.

Sources of Exhaust Gas and Corresponding Control Measures

Source of Waste Gas	Major Pollutants	Disposal Method
Electronic nebulizers production and laboratory	Particulate Matter, VOCs, Non-Methane Total Hydrocarbons	Concentrated and treated through UV photolysis, activated carbon adsorption, and water washing tower systems, then discharged via a 15 m exhaust stack
Cooking fumes in canteen	Cooking fumes	Centrally collected and then discharged after treatment by the canteen's grease removal equipment



Upgrading the Waste Gas Treatment System to Eliminate Fugitive Odors and Leakage Case

The Company addressed the challenge of degassing exhaust treatment in ceramic-core pusher kilns by upgrading its exhaust gas treatment system. By enhancing mechanical exhaust to prevent unorganized emissions and adding a dehumidification cabinet to maintain gas dryness and improve activated carbon adsorption capacity, the retrofit has completely eliminated odor emissions from exhaust gases, ensured no pipeline leaks, and prevented further resident complaints, achieving environmental compliance and community harmony.



Upgraded Waste Gas Treatment System



Waste Management

The Group strictly complies with relevant laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, the *Measures for the Administration of Transfer Manifests for Hazardous Wastes*, and the *Law of the People's Republic of China on Soil Pollution Prevention and Control*. It has established internal management systems such as the *Solid Waste Management Procedure* and the *Regulations on the Safety Management of Hazardous Waste*. The Group conducts compliant classification, collection, storage, and disposal of solid waste, and continuously promotes the reduction, recycling, and resource utilization of solid waste.

In terms of solid waste reduction, we continuously improve product quality rates and reduce defect rates to minimize waste generation at the source; meanwhile, we prioritize promoting electronic atomization devices with higher environmental attributes, while leveraging technological innovation to increase the number of puffs for single-use products and extend their service life, thereby reducing waste associated with product disposal and replacement.

In terms of recycling and resource recovery, the Company recycles ceramic core waste materials for reuse in production and entrusts recyclable general solid waste to qualified third-party providers for resource recovery processing. At the same time, the Company actively develops disassembly-friendly product design solutions to promote the establishment and improvement of a system for disassembling, recycling, and reusing electronic nebulizers.

Sources of Waste and Corresponding Disposal Measures

Solid Waste Classification	Source of Solid Waste	Major Categories	Treatment and Disposal Methods
Hazardous Waste	Production and R&D	Waste organic solvents and waste containing organic solvents, waste mineral oils and waste containing mineral oils, other wastes	Dedicated hazardous waste storage rooms have been established, with leakage prevention measures implemented and required labeling posted. Hazardous waste disposal is entrusted to compliant third-party service providers, ensuring 100% regulatory compliance. Full-process management – encompassing generation declaration, storage, transfer, and receipt – is completed in accordance with applicable regulations.
General Solid Waste	Production, office operations, and daily life	Recyclable materials, such as metals, paperboard, and cardboard	Recovered and reused in production, or sorted and handed over to qualified entities for the recycling of obsolete materials
		Non-recyclable waste, such as household garbage	Collected centrally and uniformly handed over to local municipal sanitation departments for clearance and disposal

Focusing on Green Products

Smoore focuses on product sustainability and is committed to integrating environmental impact considerations⁵ into the research and development and production processes to reduce the environmental impact of its products. We identified key environmental impact factors to be considered in the product life cycle analysis based on the international standard ISO 14040, Environmental Management–Life Cycle Assessment–Principles and Framework, and conducted a systematic evaluation of the environmental impacts throughout the product's entire life cycle.

Developing Green Products

The Group actively promotes sustainable development in packaging, focusing on the principles of reduction, reuse, and recycling (3R), and steadily advancing the green upgrade of packaging design. In compliance with domestic and international regulations such as the *Circular Economy Promotion Law of the People's Republic of China* and the *EU Packaging and Packaging Waste Regulation*, we integrate circularity concepts throughout the entire lifecycle of product design, production, sales, and disposal. By optimizing packaging design to align with existing recycling systems, the Group's all packaging materials used in product transportation are disposed of through formal recycling channels.

Taking into account differences in business models and customer needs, the Group implements differentiated sustainable packaging strategies. For key customers, we actively respond to their green packaging requirements by prioritizing the use of recyclable, renewable, and plastic-free materials. For other business segments, we focus on reducing packaging, optimizing structures, and eliminating excessive packaging to minimize environmental impact at the source. At the same time, we advance green upgrades in an orderly manner, balancing operational efficiency and user experience while fulfilling our commitment to sustainable development.

The Group continues to explore innovative applications of environmentally friendly technologies to develop more sustainable products. We are committed to developing sustainable products throughout their entire lifecycle, establishing a product ESG material database. Based on meeting functional requirements, we conducted screening and validation of PCR (post-consumer recycled plastic) and bio-based materials to support the application of new environmentally friendly materials. Meanwhile, we proactively conduct research and development on solutions such as photovoltaic material applications and integrated energy storage design, further lowering the product's environmental footprint. In addition, we annually engage external third-party organizations to conduct lifecycle assessment verification on at least one product, focusing on indicators such as carbon emissions and water resource consumption. This quantitatively evaluates stages including upstream raw material acquisition, raw material transportation, and product manufacturing, providing a scientific basis for optimizing green product design and managing product environmental footprints.

Key Performance

In 2025

About **26.46%**

of the Group's packaging materials were biodegradable and processed through formal recycling channels.



⁵ Environmental impact factors include: Global Warming Potential (GWP), Eutrophication Potential (EP), Water Footprint (m³), Ozone Depletion Potential (ODP).

Green Product Highlights and Initiatives

Use of environmentally friendly materials

Eco-friendly materials

Using silicone as the surface material ensures it is non-toxic, safe, and environmentally friendly. Compared to products with spray coating or PU, it is less irritating to the skin, achieving baby-safe skin compatibility, while also generating lower carbon emissions during production.

Product structure innovation

Modular design

Replace monolithic structural design with modular structural design. The photovoltaic power source, display screen, atomizer core, and housing are all independent modules that can be freely disassembled and replaced, extending the product's lifecycle and reducing waste and loss.

Use of Silicone Leather Material

Case

We prioritize product safety and environmental sustainability. In certain products, we innovatively incorporate silicone leather as an exterior material, avoiding the use of organic solvents during production. The products contain no PVC, plasticizers, heavy metals, or other toxic and hazardous substances, thereby preventing harm to the environment and human health. Meanwhile, the primary component used to manufacture silicone leather originates from quartz sand, which is abundantly available and helps reduce reliance on fossil-based raw materials. Compared to traditional PU/PVC leathers, silicone leather requires less energy during its curing process, thereby lowering GHG emissions throughout the product manufacturing phase while maintaining product functionality.

Reducing the Use of Plastic Packaging

Case

We prioritize the sustainability of packaging materials by replacing conventional non-biodegradable and difficult-to-recycle packaging with an eco-friendly paper-based structure consisting of "kraft paper boxes" and "kraft paper trays". The surface of the paper packaging is coated with biodegradable, pollution-free plant-based ink, reducing environmental pollution caused by harmful substances in traditional inks, while simultaneously decreasing the use of polypropylene plastic films.

Replacing Traditional Spraying and Electroplating with IML Process to Advance Green Manufacturing Upgrades

Case

The Company is fully advancing the application of IML integrated molding process to replace traditional spraying and electroplating procedures, achieving large-scale mass production in best-selling product lines. This process effectively achieves zero VOCs emissions, reduces energy consumption of metal materials, enhances product recyclability, and significantly improves workplace safety, protecting worker health. Through technological innovation, the Company has reduced carbon emissions and resource consumption in production processes, establishing a more sustainable manufacturing model that delivers low-carbon product solutions for global green consumption.





Optimizing Packaging Structure to Achieve Weight and Plastic Reduction

Case

To reduce the environmental footprint of product packaging, the VAPORESSO brand has systematically optimized its packaging structure, transitioning the base box material from the traditional "gray board + paper lamination" process to an integrated paper card folding design. This change effectively reduces base box material weight, minimizes paper consumption, and lowers carbon emissions during transportation. On the plastics front, the brand has completely phased out traditional plastic blister trays, replacing them with biodegradable pulp-molded trays or precision-folded paper card trays as product inserts. This measure has reduced plastic usage in product packaging by more than 90% compared to the previous blister tray solution, significantly cutting plastic pollution at its source.



Packaging Lightweighting and Plastic Reduction Optimization Design

Environmental Awareness Promotion

Access to, application of, and promotion of sustainable clean energy are key pathways toward a green future and the cultivation of sustainable production and lifestyle practices. Smoore launched the VAPORESSO CARE initiative from November 2024 to March 2025, advancing global environmental progress and deepening international environmental collaboration through offline activities such as new energy store visits and interactive clean energy flagship store events, as well as online initiatives including official website voting campaigns and e-commerce discount promotions, aiming to reduce reliance on traditional fossil fuels and support carbon emission reductions.

Action Power for Society – Action Interaction Module

- **Official Website Event Hub**

Users can participate in the voting by clicking the one-click "power up" bottom. Each completed vote earns 100 green energy points, and users can also check the current voting progress on the event page to support the Clean Energy in Store initiative.

- **E-commerce Segment Hub**

Through e-commerce discount promotion activities, user engagement is stimulated, and each sale of a product in the designated area earns users 1,000 green energy points, enhancing participation and interactivity while supporting the development of clean energy projects.

- **Community Engagement Hub**

The VAPORESSO CARE topic has been established to encourage users to engage in discussions through posting, liking, and commenting, earning green energy in the process and providing users with more opportunities to learn about and participate in clean energy initiatives.

Eco Power For Future – Social Responsibility Section

To create a greener, more sustainable future, VAPORESSO has launched the "Green Future" Clean Energy Initiative signing campaign.

Effectiveness of online and offline events:

- The official website's event page received over 28,000 visits, with more than 9,000 participants engaging in online web interactions and remotely supporting the new energy vehicle dealership promotion event;
- Offline events reached over 80 U.S. stores, and marketing materials covered more than 3,000 U.S. stores.

03 / Product

Quality First, Crafting Products with Craftsmanship

Smooore upholds the mission of "atomization makes life better" and continues to explore new directions for innovation and application in atomization technology. We value R&D innovation and regard providing stable and reliable product quality as a key development direction. By developing diverse technological solutions, we respond to consumers' varied demands for harm reduction and product quality.

ESG Topics We Focus on

- R&D Innovation
- Chemical Management
- Intellectual Property Management
- Responsible Marketing
- Product Quality and Safety
- Customer Communication and Service

Our Response to HKEx ESG Metrics

B6: Product Responsibility

Our Responses to SDGs Topics



Innovation-Driven Development

Smoore adheres to the principle that "science and technology are the primary driving force behind corporate development," placing research and development at the forefront of its strategic priorities. Guided by market demand and driven by product innovation, the Company employs a dual-wheel strategy to systematically build its technological innovation capability framework. The Company continues to refine its patent portfolio and intellectual property protection mechanisms, strengthening the commercialization of R&D innovations and maintaining its core competitive advantages, thereby providing solid support for long-term high-quality development.

Innovation Platform Construction

R&D Innovation System

Based on actual business operations, the Group continuously optimizes its research and development innovation system, adhering to a combined "market + product" R&D strategy. It systematically enhances the iteration efficiency of electronic atomization technology and its capability for technological transformation and commercialization, promoting the efficient implementation of high-quality R&D projects and providing systematic support for sustained innovation.

We continuously strengthen the effect of cooperation among Research Center, Technology Center and functional departments concerning product development, marketing and so on. By aligning with customer needs and market trends, we enhance the integration of research, production, and sales, consistently launching competitive products and accelerating the pace of new product launches to support the achievement of the Company's business strategy and development goals. In 2025, the Group invested about RMB 1,523,340,000 in R&D, and had a total of 1,731 R&D personnel.

To strengthen the alignment between intellectual property and R&D innovation system planning, we will gradually require patent personnel to fully and deeply participate in the entire R&D project lifecycle, engaging from the initial stages of projects to enhance overall control over technical trajectories and key innovation points, thereby improving the quality and efficiency of patent portfolio development. In 2025, the Group has piloted this mechanism in certain projects and received positive feedback; it will be systematically implemented across all projects going forward, establishing an innovation management system that closely links patent creation with the research and development process.

Layout of the R&D Innovation System



In addition, the Group has established a systematic electronic atomization R&D technology platform, continuously advancing the application expansion of atomization technology across diverse scenarios. We are pursuing multi-track research and development initiatives across multiple fields, including electronic atomization products, heat-not-burned products, specialized atomization components, atomization-based medical applications, and cosmetic uses.

R&D Innovation Incentives

To stimulate technological innovation and promote cross-team collaboration, the Company organizes a variety of innovation competitions and incentive programs. We conduct quarterly or biannual "Golden Ideas" selection activities across multiple departments within the Group and integrate these with internal brainstorming initiatives within the R&D system, encouraging employees to focus on areas such as new product development, technical optimization, and fundamental research, particularly in directions including upgrading ceramic heating elements and constructing inhalation nebulization mechanism models. Selected outstanding proposals will be integrated into the regular R&D process to drive the transformation of ideas into tangible outcomes; simultaneously, in coordination with the patent evaluation mechanism, we establish the dual-channel support system of "incentivization-incubation-commercialization" to continuously advance the implementation of the Group's innovation objectives.

🌿

Annual Innovation Contest at the Technology Center

Case

We organize an annual innovation competition for all staff across the Technology Center, open to both individual and team entries. We evaluate submissions through a rigorous, multidimensional framework anchored in three core dimensions – innovativeness, value, and feasibility – encompassing criteria including novelty, creativity, user relevance, commercial potential, technical capability, and implementation cost. We present awards across five tiers – Grand Prize, First Prize, Second Prize, Third Prize, and Finalist – each accompanied by corresponding monetary rewards, and have established a dedicated incubation pathway to support the development and implementation of outstanding proposals, sustaining our organization's innovation momentum. In 2026, we will continue to refine the competition mechanism and strengthen our framework for converting competition outcomes into tangible results, further broadening innovation incentive pathways and reinforcing the effective alignment between technology development and market demand.




Technology Center Innovation Contest

Industry Exchange and Collaboration

Industry exchange and collaboration serve as a vital driver for promoting enterprise innovation and research and development. The Group actively establishes a multidimensional collaboration network with peer enterprises, research institutions, and universities, continuously deepening the collaborative mechanism among industry, academia, and research. In key areas such as technological research and development, international standard setting, and product safety testing, we have conducted practical coordination and in-depth exchanges with all parties, jointly exploring cutting-edge industry technology trends and sharing knowledge outcomes and technical resources. By integrating the strengths of industrial needs, academic theories, and engineering practices, we achieve organic integration between innovation chains and industrial chains, promote the efficient transformation of technological outcomes, and jointly foster an open, co-created, and win-win ecosystem collaboration framework.

Case Smoore and the National Nanotech Innovation Center Co-establish a Joint Laboratory of Inhalation Toxicology

As health awareness continues to grow, global demand for harm-reduction inhalation products is expanding. To develop healthier next-generation inhalation products, Smoore has jointly established the Joint Laboratory of Inhalation Toxicology in collaboration with the National Nanotech Innovation Center ("Guo Na Zhi Zao (國納智造)").

By integrating the expertise, facilities, and resources of both parties, the laboratory focuses on key technological research across various inhalation product categories, the evaluation and development of health-oriented inhalation products, the establishment of inhalation-related standards, and the formation of an inhalation product R&D industry alliance. Through these efforts, the laboratory continuously advances diverse nebulization technologies, providing reference guidelines for product iteration and regulatory compliance, and contributing to the advancement of global public health.



The Joint Laboratory of Inhalation Toxicology was Founded

Case MOYAL Pro Device - Pioneering a New Paradigm in Non-Invasive Transdermal Technology for Aesthetic Medicine Through Academic Co-Creation

At the Second Medical Aesthetics Innovation and Transformation Conference, MOYAL (嵐至) jointly shared the key topic "Application of TPS Atomized Non-Invasive Transdermal Technology in the Field of Medical Aesthetics" with the expert team from Shanghai Ninth People's Hospital, affiliated with Shanghai Jiao Tong University School of Medicine. This conference brought together top dermatology experts from institutions such as Huashan Hospital, Fudan University Affiliated, and Jiangsu Provincial People's Hospital, forming a high-level exchange platform for deep integration of industry, academia, and research. The release of the joint research project not only attracted extensive attention from industry experts and scholars regarding TPS technology but also accelerated MOYAL's initiation of multicenter clinical studies with multiple Grade-3A hospitals, providing significant momentum for the medicalized delivery of the technology—from theoretical outcomes to clinical safety and efficacy.



The Second Medical Aesthetic Innovation and Transformation Conference

Case Smoore Collaborates with Universities and External Testing Institutions to Advance Key Technologies in Atomization-based Beauty

In the field of atomization-based beauty, we have established in-depth collaborations with institutions such as China Pharmaceutical University, Shanghai University, Tianjin University, Yunnan Minzu University, and external testing organizations including Centre Testing International Group Co., Ltd and Guangzhou Chn-Alternative Biotechnology Co., Ltd. We continue to advance technological innovation and scientific validation in key areas including the skin delivery mechanisms of atomized ingredients, interactions between nutritional components and skin cells, optimization of nozzle structural design, raw material screening and mechanism of action research, as well as toxicological and efficacy evaluations. Through industry-academia-research collaboration, the scientific rigor and safety of product development have been effectively enhanced, accelerating the commercialization of innovative outcomes and providing strong support for establishing a high-standard, trustworthy atomization-based beauty technology system.



Innovation-Driven Product Development

The Group has established and implemented a research and development strategy centered on novel atomization, systematically positioning key technology pathways and forward-looking research areas. In the field of atomization technology, we are leading research on ceramic cores to replace traditional cotton wicks, aiming to enhance the clean taste experience and reduce atomization temperature; conducting fundamental research to establish inhalation models for in-depth analysis of aerosol formation mechanisms; exploring specialized applications in the healthcare sector and advancing relevant pharmaceuticals through FDA clinical trials; and in the atomization-based beauty product domain, leveraging cutting-edge atomization technology as the cornerstone of our innovation strategy, focusing on breakthroughs in beauty-related atomization techniques. In 2025, Smoore continued to advance innovation and research and development in electronic atomization, atomization-based beauty, and related products and technologies, deepen the accumulation of core technologies, and expand application scenarios, laying a solid foundation for the implementation of innovative products and technologies.

Product Innovation

As a premium consumer brand under Smoore, VAPORESSO continuously develops and launches innovative products that integrate cutting-edge technology with exceptional design. These products have not only achieved significant functional advancements but have also earned recognition in the field of industrial design, with the GTX ONE PRO and LUXE XR MAX2 receiving international CMF Design Awards.



GTX ONE PRO



LUXE XR MAX2

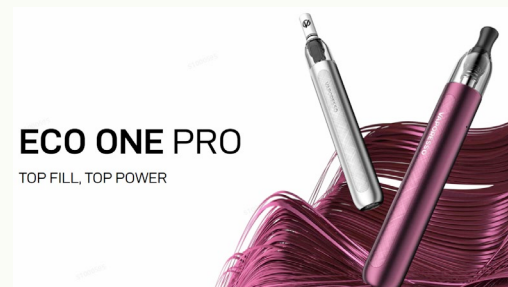
VAPORESSO Brand Innovative Products

ECO ONE & ECO ONE PRO — Open Category Expansion

The ECO ONE and ECO ONE PRO series feature a cylindrical cigarette-like form factor with an integrated filter tip, combining portability and a refined draw experience, while effectively filtering harmful substances to reduce the risks associated with product use.



ECO ONE



ECO ONE PRO

TOP FILL, TOP POWER

ECO ONE PRO

XROS 3R — Compliant Removable Battery Cell

To address the EU's mandatory regulatory requirements by 2027, we have initiated a modular cell design to enhance battery recycling rates and reduce electronic waste, advancing our forward-looking strategy for environmental compliance and sustainable development.



XROS 3R

FEELM, an advanced atomization technology brand under Smoore, launched innovative products in 2025 that combine cutting-edge technology with regional aesthetics, achieving a breakthrough from "technology export" to "deep localization" in the Middle East market.



FEELM Middle East Market Product Development: A Dual Symphony of Technological Empowerment and Cultural Integration

Case

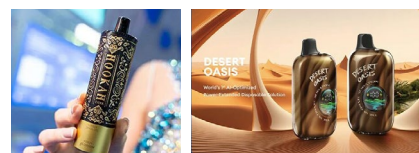
In June 2025, FEELM showcased a comprehensive solution portfolio centered on regional deep customization at the Dubai exhibition, setting a benchmark for industry innovation in the Middle East market.

In response to Middle Eastern users' unique preferences for hookah flavor, FEELM has launched HOOKAH LUXE—the world's first solution that highly replicates the authentic hookah experience. Its design thoughtfully incorporates traditional motifs such as Arabic calligraphy and crescent moon patterns, achieving comprehensive localization in both sensory and visual aspects. To better meet the Middle Eastern users' demand for extended battery life, FEELM introduces DESERT OASIS—the world's first AI-powered intelligent power-saving product featuring a design language of "desert + oasis" that reflects regional characteristics, while leveraging intelligent power regulation technology to significantly extend usage duration. In addition, the customizable flavor solution SEESAW features a distinctive Middle Eastern-inspired "black-gold contrast" design, delivering a personalized experience for users.

On the base product line, FEELM has also launched a transparent cartridge series featuring the SPACE S with a rocket-inspired design, the CLEAR CUBE offering a high-capacity transparent refilling solution, and the BLAST mini-disposable option. Additionally, FEELM innovatively introduced the OFF-ADJUST, a battery-pack-style refillable product. Through modular design, the device achieves high scalability, comprehensively meeting the diverse demands of the Middle Eastern market.



FEELM Debuted at the Dubai Exhibition



HOOKAH LUXE

DESERT OASIS

MOYAL as the Group's brand dedicated to atomization-based beauty technology, upholds the philosophy of "The beauty based on health," overcoming industry challenges such as low absorption efficiency in traditional skincare and high risks associated with invasive treatments. It has launched safe, efficient, and precise non-invasive skin care product solutions.

MOYAL Brand Innovation Products

MOYAL Pro Device

The "Non-invasive Direct Infusion" mode of MOYAL Pro Device enables large-molecule components such as collagen and repair factors to bypass injection pain points, achieving non-invasive and efficient infusion of high-concentration nutrients for safe and effective repair of compromised skin.

Atomizing Nozzle

Developed a nozzle prototype with high atomization capability under low pressure, achieving simulated airflow velocity of 584 m/s and successfully enabling stable atomization of conventional in-clinic formulations. Two nozzle models for clinical use (1.8 ml and 5 ml) have been launched and deployed in practical applications.

Technology R&D

Temperature Control and Dry-burn Protection Technology

To address the issue of traditional ceramic heating elements prone to burning and producing a bitter, scorched taste when the e-liquid is nearly depleted, the Company has developed and launched the "Temperature Control and Dry-burn Protection Technology." By employing a self-learning anti-dry-burn algorithm that dynamically updates in real time, the system proactively adapts to changes in the heating element during use. This effectively suppresses the generation of harmful substances such as aldehydes and ketones when e-liquid levels are low, preventing both burnt flavors and coil breakage while ensuring safe atomization production.

Materials and Intelligent Control

FEELM has achieved a systematic breakthrough in atomization technology, spanning from fundamental materials to intelligent control.

- In the atomizer core technology line, we have focused on developing and applying ceramic atomizer core technology. Owing to its stable physical properties, controllable structure, and high porosity, this technology enables more precise temperature control than traditional cotton wicks, reducing impurity emissions by up to 78%, delivering a superior solution in terms of harm reduction.
- For the first time in the industry, AI intelligent control technology has been introduced, utilizing built-in intelligent algorithms to real-time identify and analyze users' puff duration and intensity, dynamically adjusting output power. This ensures a consistently stable and rich flavor with each puff while significantly improving overall energy efficiency. As a result, the number of uses per charge is extended by 10% under the same battery capacity, delivering higher cost-effectiveness and an enhanced user experience.

Atomization for Precise Transdermal Delivery

MOYAL continues to focus on research in beauty related atomization technology, leveraging technological innovation to deliver active ingredients precisely to the required skin layers in a more comfortable and safe manner. By relying on the "medical care and wellness integration" model, it promotes synergistic development between professional institutions and home settings, actively expanding the boundaries of technological applications.

MOYAL Brand Innovation Technologies

TPS Atomized Non-Invasive Transdermal Technology

By integrating the advantages of atomization, optics, and medium-based delivery, it achieves a penetration efficiency 120 to 181 times higher than traditional topical application, redefining an efficient, safe, and non-invasive skincare experience.

Vortex Atomization Technology

Using a single air pump combined with a negative-pressure nozzle and a micro peristaltic pump compensation design, the supply pressure for media of different viscosities is precisely controlled by adjusting the peristaltic pump speed, enabling stable atomization and adaptability to multiple ID structural configurations.



Innovation Empowered by Digital Intelligence

The Group adheres to the philosophy of lean management and actively applies digital and intelligent technologies to achieve low-cost upgrades and renovations of production equipment. By optimizing tooling and introducing low-cost equipment to gradually replace traditional production facilities, the Group continuously enhances its process technology levels. In the production of ceramic and wick-based products, multiple critical processes have undergone line upgrades, resulting in a significant improvement in overall production efficiency.

Production and Operation Data Analysis Platform

The Group continues to advance digitalization in production and operations, achieving full utilization of the production and operations data analytics platform by 2025. To support platform implementation, we have concurrently developed a series of documents, including the user manual and key metric explanations, clearly defining platform metrics and data sourcing logic to enhance user usability. Based on this platform, the Group and factory operations leaders have reached a consensus on key operational indicators and hold monthly meetings to review and benchmark performance, driving continuous improvement in operational efficiency through data. Meanwhile, through user satisfaction surveys, we continuously collect feedback and drive system functionality improvements, leveraging digital tools to enable more precise and efficient management of production and operations, thereby strengthening the operational foundation for sustainable development. As of 2025, the platform has launched 5 thematic areas, 33 core metrics, and 20 dashboard interfaces, with an active user rate of 63.2% among Group-authorized users.



Intelligent Upgrade of the Sample Line at "Smoore Lighthouse Factory"

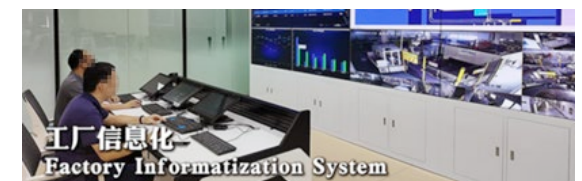
Case

In 2025, the Group launched the "Smoore Lighthouse Factory" project to deepen its manufacturing leadership strategy, aiming to build core competitiveness and a replicable industry benchmark through intelligent upgrading. This project addresses key challenges characterized by high technical complexity and limited reference experience, exploring new models for efficient and intelligent manufacturing.

During project implementation, six core special task Groups were established to focus on overcoming key technical challenges in production lines through concentrated efforts. Adopting a multi-scenario cross-verification testing strategy, integrating cross-departmental collaboration and in-house developed resources, the AGV intelligent logistics system was successfully established and the full-process management software was developed, achieving end-to-end intelligent upgrading across equipment operation optimization, intelligent material delivery, and comprehensive digital control of production, resulting in significant improvements in cost efficiency. This achievement has provided the Group with actionable management practices, significantly advancing the enterprise's transformation toward digitalized production and intelligent operations, and establishing a benchmark model for industry-wide smart upgrading.



Unveiling Ceremony of "Smoore Lighthouse Factory"



Factory Informatization System



Digital and Intelligent Empowerment for Lean Efficiency Enhancement

Case

In 2025, "Maike Brothers" a subsidiary of the Group, undertook systematic operational improvements driven by intelligent manufacturing and digitalization, with a focus on lean operations across the full production lifecycle. Through process technology upgrades, workflow optimization, and the introduction of flexible production lines, "Maike Brothers" achieved comprehensive gains in production and operational efficiency. In addition, the deployment of a Supervisory Control and Data Acquisition (SCADA) system enabled real-time equipment monitoring and predictive maintenance, effectively reducing unplanned downtime and consumable waste. Furthermore, the advancement of end-to-end digital collaborative optimization drove the efficient operation of the production system, resulting in a reduction of production cycle time by more than 30% and an improvement in space utilization efficiency of more than 30%.

Through an integrated approach combining technological innovation, process optimization, and organizational collaboration, "Maike Brothers" achieved significant gains in efficiency, quality, and cost control. Output per capita increased by an average of more than 20%, zero major quality incidents were recorded throughout the year, and a 100% on-time delivery commitment was fulfilled, further strengthening production resilience and rapid response capability.



Intellectual Property Protection

The Group strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and other relevant laws and regulations in its operating jurisdictions. It has established internal management regulations including the *Specifications on Full-process Management of Patents*, the *Management Measures for Patent Reward and Compensation*, the *SMOORE Patent Infringement Risk Analysis Process and Standards*, and the *R&D Project Patent Work Process Standards*, providing comprehensive guidance for intellectual property search, application, and enforcement activities.

Intellectual Property Management

In intellectual property creation and protection, Smoore has deeply integrated intellectual property protection into its innovation system, actively unlocking the patent value embedded in product and technology development, and building a high-quality patent portfolio through a full lifecycle management system. To avoid infringing on others' intellectual property rights, we have established a rigorous intellectual property risk screening and prevention mechanism. For trademark identifiers used in Group-owned products, the Brand Marketing Department must submit a prior rights conflict search request to the Legal Department, which will assess and categorize infringement risks to ensure all Group-owned product trademarks undergo compliance review prior to use; regarding third-party infringement, we adopt resolute enforcement measures to effectively safeguard business operational freedom and reinforce our competitive advantage. As of the end of 2025, we have cumulatively registered 5,065 valid patents worldwide, including 1,385 invention patents; the total number of registered trademarks worldwide stands at 1,284.

Intellectual Property Training

We have established a routine intellectual property training mechanism, providing regular specialized training on patents, trademarks, copyright, and trade secret protection for employees in different roles, including research and development, marketing, and intellectual property legal affairs. Through case studies and practical exercises, enhance employees' awareness of intellectual property protection and their ability to identify risks, ensuring that innovative outcomes are effectively safeguarded.

In 2025, we conducted 9 specialized intellectual property training sessions targeting multiple key business and functional departments, covering topics such as trademark fundamentals, assessment of trademark distinctiveness and similarity, trademark coexistence, and risk prevention, with a cumulative reach of 60 core-position employees.

Pursuing Excellent Quality

Smoore has deeply integrated the principle of responsible product manufacturing into every stage of research and development, production, and sales, treating it as a core priority in our pursuit of excellence. We strictly adhere to laws and regulations to ensure product compliance in multiple markets, and are committed to providing safe, reliable, and sustainable solutions globally. At the same time, we enforce stringent chemical management standards and conduct systematic evaluations of chemical selection to ensure their safety and environmental compatibility meet high-standard requirements.

Product Compliance Management

We adhere to the management philosophy of "risk preemption and regulatory foresight," establishing a comprehensive, end-to-end compliance management system and a digital compliance platform covering all stages from product definition, research and development design, packaging review, testing and certification, registration submission, to post-market monitoring. The system fully addresses multi-dimensional requirements including target market regulations and specific standards set by key customers, enabling efficient implementation of "one product, global compliance."

Compliance Management System

We established the Compliance Management Department and the Product Registration Department to comprehensively advance the global compliance system construction and product access initiatives. The Compliance Management Department focuses on China's tobacco regulatory requirements, responsible for the full-process management of production license applications, renewal, transaction reporting, and review inspections. The Product Registration Department serves global markets, providing product registration and compliance certification services for categories such as novel tobacco products and medical devices. The team brings together professionals from diverse fields such as toxicology, chemistry, food science, and medical devices, combining scientific evaluation with regulatory implementation capabilities. This enables products to establish differentiated advantages within compliant environments and continuously provides robust systemic support for the global rollout of innovative products.

Compliance Management Process

Smoore has established a compliance management process covering the entire product lifecycle, ensuring that all stages from research and design to mass production and delivery comply with global mainstream market technical standards and safety requirements, achieving systematic, standardized, and verifiable compliance management.

Compliance Management Process

Product Design

Conduct global regulatory interpretation during the conceptual phase, integrate technical standards from major markets, and embed compliance requirements throughout the entire process of project initiation review, design verification, and mass production ramp-up to achieve proactive risk management.

Production and Manufacturing

Establish a full-process quality control system covering "raw material management, process monitoring, and finished product inspection" strictly adhering to global requirements and enabling full traceability of production through a digital platform.

Product Testing

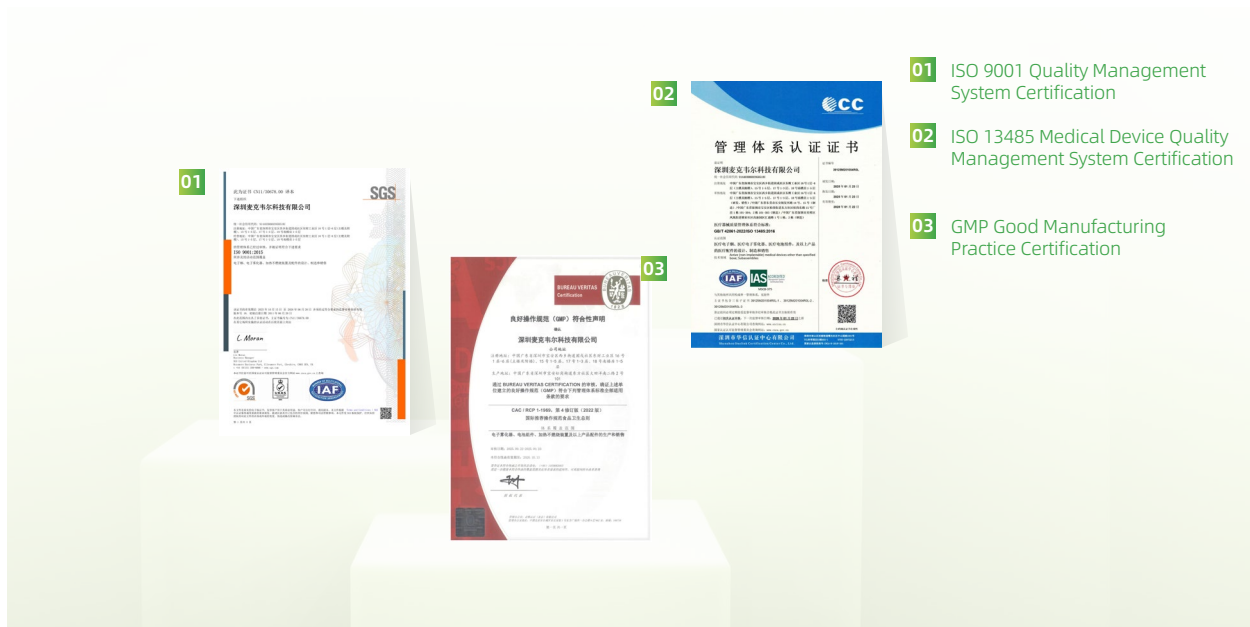
Establish a three-tier verification system comprising "self-inspection, third-party certification, and continuous monitoring", covering incoming materials, production processes, and shipment stages. Compliance with product testing requirements is ensured through Quality Control Plans (QCP), Standard Inspection Procedures (SIP), self-inspection and spot checks, and third-party certification reports.

Product Quality Control

The Group strictly complies with laws and regulations such as the *Product Quality Law of the People's Republic of China*, and has established internal management systems including the *Quality Plan Control Procedures*, the *Key Position Control Points*, the *Regulations on Product Recall Management*, and the *Nonconforming Product Control Procedure*. The Group has iterated and released the *SMOORE 3.0 Standard*, incorporating enhanced research and requirements regarding the stability of electronic atomization products to promote product consistency and reliability, thereby continuously improving user experience and market competitiveness.

End-to-end Quality and Safety Control

We adhere to the standard of "high requirements and strict control" to establish a comprehensive quality management system covering product design, raw material control, process inspection, and after-sales support. By establishing systematic quality control checkpoints and a continuous improvement mechanism, we achieve comprehensive quality management across the entire process from raw material procurement and production to customer delivery, ensuring the effective implementation of product safety and quality standards. With a goal of "zero defects," we continuously deliver stable, high-quality products to our customers. We have established a dedicated audit team to conduct on-site audits, enhancing process compliance and on-site management capabilities. Additionally, we perform a comprehensive review of the quality management system annually, implementing corrective actions for identified weaknesses to ensure the continuous effective operation of the system. As of 2025, a total of 12 Group factories have obtained ISO 9001 Quality Management System certification, 5 factories have received ISO 13485 Medical Device Quality Management System certification, and 7 factories have achieved Good Manufacturing Practice (GMP) certification, providing robust support for consistent product quality and reliability, and strengthening trust with customers and partners.



- 01 ISO 9001 Quality Management System Certification
- 02 ISO 13485 Medical Device Quality Management System Certification
- 03 GMP Good Manufacturing Practice Certification

Product Design

We are committed to providing customers with safe, high-quality, and environmentally friendly products. We systematically integrate high-standard environmental requirements during the product design phase, prioritizing the use of safe and environmentally friendly materials, actively incorporating post-consumer recycled materials, and considering the potential environmental impacts of products in the design process. We systematically conduct requirement identification and configuration management through "stage-gate" reviews and milestone controls, advance Design Failure Mode and Effects Analysis (DFMEA) and risk assessment, complete Verification and Validation (V&V) of prototype design and process qualification, and implement pilot production verification and mass production transfer controls. All design changes are approved and released through controlled processes to ensure full traceability, controllability, and implementability throughout the entire product design lifecycle.

Raw Material Control

The Group implements rigorous inspection and evaluation procedures for procured materials, with a focus on reviewing the supplier's *Sample Commitment Letter* provided during mass production, and establishes a supplier quality performance tracking mechanism to strengthen raw material quality assurance from the source. In daily management, we conduct standardized incoming material inspections based on the *Incoming Material Inspection Specification*, promptly intercepting non-conforming raw materials from entering the production line, continuously enhancing the reliability and consistency of raw material quality to lay a solid foundation for stable product quality.

Quality Inspection and Testing

The Group has established a dedicated quality management team responsible for end-to-end quality control spanning incoming materials, manufacturing processes, and final shipment. In accordance with product quality planning requirements, systematic inspection and testing protocols are implemented throughout. Multidimensional performance verification and functional evaluation are conducted across materials, work-in-progress, and finished products to ensure full compliance with customer technical specifications and quality standards. We have established internal systems including the *Kappa Assessment Management Mechanism*, the *MSA Measurement System Analysis Procedure*, the *ORT Reliability Test Code of Practice*, the *SMOORE 3.0 Standard*, and the *E-cigarette Cartomiser Enterprise Test Specification*, defining personnel qualification requirements, test design principles, experimental methods, and quality assessment criteria for relevant product testing, systematically ensuring that product functionality and safety comply with the China national standard *E-cigarettes (GB 41700-2022)*, applicable standards in target markets, and internal corporate standards.

Meanwhile, we have established a testing center equipped with professional inspection and analytical devices, including quality and performance testing laboratories such as an Environmental Laboratory and an Electro-Static Discharge (ESD) Laboratory. The center has obtained authoritative certifications from the China National Accreditation Service for Conformity Assessment (CNAS) and UL8139, ensuring the accuracy, reliability, and recognition of test results.

For disqualified products, we have established the *Nonconforming Product Control Procedure* and the *Failure Analysis Procedures and Requirements* to standardize the analysis and traceability processes for nonconforming products at various levels, including complete units, components, parts, and materials. We adhere to the principle of "non-destructive testing first, without altering the original failure mode." By objectively verifying the failure mode, mechanism, and root cause, we establish traceable analytical conclusions that support the classification, disposition, and improvement closure of nonconforming products, driving continuous enhancement in quality issue resolution.



Development of LIMS system, Digital Upgrade of the Full Testing Process

Case

To enhance the standardization and traceability of product quality control, the Group has developed and deployed a Laboratory Information Management System (LIMS). The system integrates full-process management across key stages including trial protocols, testing assignments, sample barcode tracking, task allocation, and trial execution. It supports physical, chemical, and toxicological testing, enabling paperless workflows and automatic data collection. In 2025, through the implementation of LIMS, the Group brought 58 testing items and 74 critical parameters under unified online management, and enabled automatic data collection from 6 high-precision analytical instruments, significantly enhancing testing efficiency and data accuracy, and further strengthening the compliance foundation of quality management.

Recall Management

The Company has established the *Regulations on Product Recall Management* to ensure that problem products already shipped remain under control. Upon identification of any abnormalities, we will promptly conduct verification testing, complete the *Product Recall Application Form* based on product information, and develop an appropriate response plan. Customers and distributors are notified within 24 hours via formal letters or phone calls to immediately halt sales and arrange returns, with continuous follow-up to ensure the return process is completed within the specified timeframe. Refunds or replacement shipments are processed promptly to effectively safeguard customer rights and interests. All returned products are held in isolated storage, with complete records maintained for recall quantities, specifications, and other relevant information to ensure full traceability and closure of disposition.

To continuously optimize the recall process, each factory conducts regular simulated product recall exercises annually to verify the effectiveness of recall procedures, identify potential shortcomings, and produce a recall exercise report containing model quantities, root cause analysis, conclusions, and improvement plans. In 2025, the Group did not experience any product recalls.

Quality Capability Development

The Group continues to strengthen its quality talent development team by establishing a comprehensive training and empowerment system, enhancing employees' overall capabilities in professional operations, process execution, and quality control, thereby providing solid personnel support and organizational capacity foundations for product quality stability and reliable delivery.



Specialized Training on the Quality Behavior Observation System (QBOS)

Case

In 2025, to systematically enhance employees' awareness and practical capabilities regarding quality behaviors, the subsidiary "Maike Brothers" under the Group conducted targeted training centered on the Quality Behavior Observation System (QBOS), covering a total of 24 employees. The training focuses on foundational concepts of QBOS, core principles and observation techniques, standardized implementation steps, and includes practical exercises combined with typical scenarios and case studies to help participants translate methodological key points into actionable on-site applications, further strengthening the operational foundation of quality management.



Specialized Training on the Quality Behavior Observation System (QBOS)

Chemical Management

The Group places great importance on chemical safety and compliance management, strictly adhering to laws and regulations in each operating location and establishing a management system covering the entire lifecycle of chemicals. The Company implements standardized management over the procurement, storage, use, disposal, and emergency response of chemicals through internal systems such as the *Chemical Safety Management Procedure* and the *Regulations on Hazardous Chemicals Management*. It regularly updates the chemical inventory and conducts special inspections using the *Chemical Inspection Checklist* to promptly identify and rectify potential risks and hazards. At the same time, we strictly prohibit the use of hazardous substances banned by laws and regulations in our products, ensuring that all materials comply with environmental protection requirements.

The chemicals involved in the use of our electronic atomization products primarily consist of aerosols formed by heating and atomizing the e-liquid. The e-liquid composition primarily includes food-grade glycerin, propylene glycol, flavorings, and nicotine, among others. The nebulizer device consists of components such as a metal/plastic housing, nebulizer core, cell, battery, heater, and coil resistance.

Chemical Safety Management

The Group has implemented comprehensive chemical identification across its business processes, encompassing the base components of e-liquids as well as the various chemical materials used in the daily operations of production equipment. To ensure the accuracy and completeness of chemical information, the Company strictly requires suppliers to provide Material Safety Data Sheets (MSDS) compliant with applicable legal requirements. Drawing on the detailed information contained within these documents, including chemical composition, physical properties, hazard classifications, and safe handling guidelines, the Company systematically identifies hazardous substances, establishing a solid foundation for regulatory-compliant chemical identification and comprehensive chemical management, and continuously upholding the industry's high standards for safety compliance.

Smoore also incorporates chemical management into its quality control system, with a focus on source control and process standardization. The Company has established a full-process management mechanism encompassing storage, usage, and training to ensure the compliant, safe, and efficient application of all chemicals, effectively mitigating environmental and health risks.

Establish a Chemical Inventory

Comprehensively register chemicals to achieve dynamic traceability. As of the end of 2025, the hazardous chemical inventory across all Smoore entities has covered 226 items.

Storage Management

Stored in dedicated cabinets or warehouses with surveillance; highly toxic and easily explosive substances are managed under dual-person, dual-lock control. All chemicals must be properly labeled and stored in limited quantities.



Explosion-Proof Cabinet for Hazardous Materials

Requisition and Consumption

Implement requisition registration to record information such as purpose, quantity used, and personnel involved. For high-risk operations, follow SOPs and wear the corresponding personal protection equipment.

Ventilation and Environmental Control

Volatile chemicals are handled in fume hoods, stored in well-ventilated areas away from heat sources, and equipped with gas detection alarms and temperature and humidity monitoring.

Waste Management

Collect waste by chemical properties, use professional containers and label all containers, hand over to qualified entities for disposal, and retain transfer manifests.

Emergency Training

Regular chemical safety training is conducted, with emergency drills organized. Eyewash stations, showers, adsorbent materials, and appropriate fire extinguishers are provided on-site. In 2025, all factories conducted emergency response drills for hazardous chemical leakage incidents.



Emergency Drill for Hazardous Chemical Leakage at Jiangmen Park

Hazard Identification and Inspection

Daily inspections are conducted for issues related to storage cabinets, labels, leaks, and ventilation, and regular specialized inspections are carried out by designated safety personnel, with all identified issues addressed through closed-loop corrective actions.

Special Chemicals Control

Maintain comprehensive records for precursor and explosive-precursor substances, enforce end-to-end monitoring of highly toxic chemicals, implement fixed anti-tipping measures for compressed gas cylinders, and conduct regular safety inspections of high-pressure gas cylinders.

Chemical Hazard Reduction

In the chemical procurement process, our Group strictly adheres to legal and regulatory requirements, prohibiting the use of banned chemicals. We consistently prioritize risk reduction at the source by avoiding or minimizing the use of hazardous chemicals, and actively substituting high-hazard chemicals with non-hazardous or low-hazard alternatives. The Company implements full-process closed-loop management precursor and explosive-precursor substances, from procurement to disposal, in accordance with the *Safety Management System for Chemical and Explosive Hazardous Chemicals* and by adhering to the principle of "prevention first, source control."

For existing hazardous chemicals, based on the MSDS information provided by suppliers, no carcinogenic, teratogenic, or mutagenic substances, nor persistent, bio-accumulative, and toxic substances have been identified. We will continue to optimize the relevant chemical formulations, leveraging the Company's advanced research and development technologies and professional team to further reduce potential hazards through adjustments in formulation ratios and improvements in manufacturing processes. At the same time, we are actively exploring and introducing safer, more environmentally friendly new materials to gradually replace chemicals currently associated with certain risks, continuously enhancing the safety and environmental performance of our products.

Improve Consumer Awareness of Chemicals

In the course of product promotion, we present the technical advantages and characteristics of our products in an objective and clear manner, helping consumers understand the underlying technology and composition of our products, and thereby deepening their awareness of the chemicals involved. This approach also communicates our efforts to minimize the release of harmful chemicals and enhance product safety in use. Through channels such as product packaging and instruction manuals, we provide consumers with comprehensive disclosure of product ingredients, chemical contents, and relevant safe usage information, empowering consumers to make informed choices and reinforcing the safety assurances associated with product use.

Providing Quality Services

Smoore places customers at the center of everything it does. Through deepening customer relationship management and refining its understanding of customer needs, the Company has continuously strengthened its service framework, improving customer satisfaction while systematically governing the full product marketing process. This ensures that all marketing communications are accurate and reliable, and that all channels operate in full compliance with applicable regulations. The Company remains committed to delivering stable, high-quality experiences and long-term value to its customers through the highest standards of service and professional responsiveness.

Protecting Customer Rights

The Group places great importance on customer feedback and has established internal procedures such as the *Customer Feedback Management Control Procedure* and the *Customer Satisfaction Survey Procedure* to clearly define management requirements and processes for product complaints, product recalls, and other related matters. Through regular customer satisfaction surveys and periodic review meetings, the Group promptly identifies and responds to customer needs, continuously improving the quality of its products and services.

We have integrated customer demand management into the full lifecycle of operations. In the product launch process, through deep integration with backend Integrated Product Development (IPD), we implement closed-loop management across the entire cycle—from user research and marketing strategy to initial sales promotion and post-launch review—driving precise execution based on customer insights. In retail terminal management, we leverage digital systems to achieve information-based store mapping, tiered store rating by star level, and staff store visit check-ins, advancing customer relationship management from a broad, manual approach to data-driven, precision service.

In customer after-sales service, we provide product warranty services based on the *Customer Complaint Handling Procedures*, establishing a comprehensive, end-to-end management process that covers complaint receipt, investigation and assessment, root cause analysis, implementation of corrective and preventive actions, and closure through customer feedback. We adhere to the principle of "prompt response, full-process traceability, and verifiable outcomes," receiving customer inquiries through multiple channels such as phone, fax, and email, and requiring a response to complaints regarding products, services, and quality within 24 hours. In 2025, the Group received no major complaints regarding product quality or service, and no product recalls occurred due to safety or health concerns.

Complaint Handling Procedures

- **Receipt & Registration**
 - ▶ Upon receiving a customer complaint, register it immediately and confirm acceptance.
- **Information Collection**
 - ▶ Actively communicate with customers to verify basic information such as complaint timing, personnel involved, immediate registration, and confirmation of acceptance.
- **Nonconforming Product Control**
 - ▶ According to the nonconforming product handling procedure, nonconforming products involved in complaints are promptly identified, isolated, and clearly marked, then centrally stored in a designated area. After evaluation by relevant departments, disposition methods are determined to ensure they do not enter the next process or are not misused.
- **Root Cause Analysis**
 - ▶ Conduct a systematic analysis involving relevant functional departments, comprehensively review the facts and related data of the incident, delve into the root causes of the issue, and accurately identify the underlying causes.
- **Corrective and Preventive Actions**
 - ▶ Develop and implement corrective and preventive actions based on the root cause, clearly defining responsible parties, completion timelines, and methods for verifying effectiveness.
- **Documentation & Records**
 - ▶ Integrate the problem analysis process, disposition decisions, and implementation status of Corrective Actions and Preventive Actions (CAPA) into the document and record control system to ensure full traceability, standardized archiving, and management in accordance with specified retention periods and access authorization requirements.
- **Complaint Closure**
 - ▶ Promptly inform the customer of the resolution outcome and subsequent improvement plans, and formally close the complaint after obtaining customer confirmation, ensuring customer satisfaction and closed-loop issue management.



Customer Voice-Driven Service Enhancement: Improving Experience Through Dual-Dimension Satisfaction Surveys

Case

In 2025, the VAPORESSO brand systematically advanced its "Customer Satisfaction Enhancement Program," establishing an innovative dual-track research mechanism that integrates channel insights with frontline feedback. This approach enables comprehensive capture of customer voices, precise identification of improvement opportunities, and continuous evolution of both products and services.

On the distribution channel side, the Company conducts annual satisfaction surveys targeting core and key channel customers across its four global business regions. Using a directed sampling approach, the surveys quantitatively assess five key dimensions – quality stability, innovation and iteration, pricing reasonableness, delivery timeliness, and service quality – across the two domains of products and services. The findings are further analyzed in light of regional and customer differences and dissatisfaction feedback to identify improvement priorities, providing data-driven support for product strategy optimization, delivery efficiency enhancement, and deeper channel partnership development.

On the end-user side, the Company conducts ongoing satisfaction surveys throughout the year targeting users of technical consultation and after-sales services. Initiated proactively by the customer service team via the official mailbox (support@vaporesso.com), the surveys focus on five key dimensions – quality stability, pricing reasonableness, service timeliness, service effectiveness, and service attitude – with an open "Comments and Suggestions" channel to capture candid feedback. Survey results are directly incorporated into customer service management optimization and the product improvement closed-loop, enabling efficient linkage across the "service – feedback – improvement" cycle.

Responsible Marketing

The Group adheres to stringent compliance and ethical principles, abiding by laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Implementation Regulations of the Tobacco Monopoly Law of the People's Republic of China*, and the *E-cigarette Management Measures*. We have formulated and publicly released the *Responsible Marketing Policy*⁶ on its official website, which applies to all employees, partners, and third-party entities, clearly outlining behavioral standards for various marketing activities, including product promotion and publicity, market research, and customer communication. The Policy also specifies dedicated measures for the protection of minors, with strict controls over marketing outreach, content dissemination and sales guidance directed at minors. In addition, the Group continues to strengthen the supervision and management of marketing activities by regularly reviewing implementation, evaluating and improving the Policy, continuously refining the responsible marketing management mechanism and promoting the effective implementation of relevant requirements across all business operations. All marketing activities are required to comply with applicable local regulations and product promotion restrictions. Marketing directed at or designed to attract individuals below the legal purchase age is strictly prohibited. The Company upholds the principles of truthfulness and transparency in all communications, ensuring that product risk disclosures are not omitted or downplayed and that health risks are clearly communicated to consumers.

Advertising and Promotion Guidelines

The Group strictly adheres to responsible marketing principles, explicitly prohibiting advertising on the front or back covers of general print materials intended for mass distribution, as well as product placements in films or television programs. Even where not mandatorily required by applicable regulations, the Group includes necessary health or risk disclosures in advertising, packaging, and promotional materials for specific products. The Group firmly prohibits the use of false or exaggerated claims in product descriptions, and strictly forbids promoting unverified benefits such as smoking cessation or disease treatment. Instead, it focuses on highlighting genuine product attributes, including design craftsmanship and ease of use, and is committed to maintaining market integrity and earning consumer trust through truthful and objective communication.

⁶ https://en.smooreholdings.com/uploads/ResponsibleMarketingPolicy_1754892523.pdf

Responsible Marketing Training

The Group conducts regular responsible marketing training sessions annually, covering topics such as global e-cigarette industry regulations, advertising and promotional standards in business locations, and consumer rights protection. Training is delivered through case studies, simulation exercises, and other methods to strengthen compliance awareness and practical operational capabilities among employees, particularly those in roles related to marketing promotion and market planning. This ensures that they consistently adhere to compliance requirements in their daily operations and prevent marketing violations at the source.

Responsible Marketing and Compliance Audit

The Group regularly collects and integrates global regulations, industry standards, and policy documents related to electronic cigarettes, establishing a dynamically updated regulatory and policy database to ensure the timeliness and accuracy of audit references. The Company's audit department conducts regular audits of marketing activities on an annual basis, with a focus on the compliance of marketing content, the implementation of measures for the protection of minors, and the performance of partners, so as to continuously identify and prevent compliance risks in marketing activities. Meanwhile, we have also established rigorous compliance marketing audit and control procedures, conducting self-inspections and corrections on key aspects such as advertising materials and distribution channels to identify and address any misleading language or false and exaggerated promotion. Prior to the launch of new products, the Group strictly conducts compliance reviews of product feature descriptions and ingredient labeling, rigorously eliminating any content that may mislead consumers or violate applicable regulations.

In the standardized management of marketing activities, the Group establishes an overall brand communication strategy and convenes relevant departments to review and align on key matters such as communication objectives and strategic pathways. Each region must develop specific implementation plans and submit proposed marketing materials within this strategic framework, which may proceed to implementation only after centralized review and approval through a cross-functional joint evaluation. During the Review Period, the Company recorded no marketing violations and was not subject to any related administrative penalties.

Measures for the Protection of Minors

Standardize Creative Assets	Prohibit the use of images, cartoons, fictional characters, or video clips that resemble minors or may attract a minor audience in marketing creatives, ensuring that marketing content is designed to avoid creating special appeal to minors.
Manage Marketing Locations	No marketing materials should be placed within 100 meters of locations primarily used by minors, or visible directly from such locations.
Hazard Warning on Packaging	The product packaging uniformly features labels such as "21+", "Danger", and "Nicotine Addiction" to clearly inform consumers about the product's risks and target user demographics.
Enable Child Lock Function	In product design, a child-lock feature is implemented to prevent accidental use by children. For example, requiring five consecutive presses of the power button to activate the device. By increasing operational complexity, the likelihood of minors casually using e-cigarette products is reduced.
Age Verification	An age verification restriction is implemented on the homepage of the brand's official website to prevent minors from accessing website content, thereby avoiding their exposure to information about e-cigarettes and reducing the likelihood of minors encountering or purchasing such products.

04 / Social

Empowering Our People, Creating Value Together

Smoore upholds a "people-first" philosophy, respecting the legitimate rights and interests of all employees, extending genuine care, and continuously strengthening its training and advancement framework. The Company has cultivated a fair and growth-oriented workplace, while placing great importance on employee safety and health through robust risk prevention and hazard identification. Together, these efforts foster a virtuous cycle of individual growth and organizational development.

ESG Topics We Focus on

- Compliant Employment
- Employee Training and Development
- Labor Rights
- Occupational Health and Safety
- Equity and Diversity
- Salary and Benefits

Our Response to HKEx ESG Metrics

- B1: Employment
- B3: Development and Training
- B2: Health and Safety
- B4: Labor Standards

Our Responses to SDGs Topics



雾化让生活更美好
**Atomization
Makes
Life
BETTER**

Protecting Employee Rights

Smoore strictly complies with labor laws and regulations in each operational location, standardizes the signing of employment contracts, establishes standardized workforce management processes, and constructs a compensation and incentive system with market competitiveness, thereby promoting a fair, harmonious, and stable work environment to comprehensively safeguard employees' legitimate rights and interests.

Compliant Employment

The Group has established its employee management principles based on 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*. We strictly comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulations on the Prohibition of Child Labor*, the *Law on the Protection of Minors in Employment*, and other relevant laws and regulations applicable in our operating jurisdictions. We have established internal management systems such as the *Employee Handbook*, the *Employee Business Code*, and the *Recruitment Management System*. By standardizing the procedures for signing labor contracts and internship agreements, we ensure the establishment of a systematic human resources compliance management system. Over the past three years, the Group has not experienced major layoffs.

Prohibition of Forced Labor, Harassment and Abuse

The Group adheres to the International Labor Organization's (ILO) *Forced Labor Convention* and the *Abolition of Forced Labor Convention*, and prohibits mandatory work arrangements in the *Employee Business Code*. We conduct regular inspections of the work environment and clearly define key terms such as work location, working hours, compensation standards, and overtime allowances in employment contracts, eliminating the risk of forced labor at the institutional source. We maintain a "zero tolerance" stance toward corporal punishment, verbal abuse, psychological or physical coercion, violent behavior, or inciting or encouraging others to engage in any of the above, firmly upholding employees' legal rights and personal dignity. In 2025, the Group did not experience any incidents of forced labor or harassment and abuse.

Avoidance of Child Labor

The Group upholds the International Labor Organization's (ILO) *Minimum Age Convention* and the *Worst Forms of Child Labor Convention*, strictly prohibiting child labor as an unbreachable principle in recruitment management. The *Employee Business Code* and the *Recruitment Management System* stipulate the onboarding verification process, requiring applicants to provide valid identification documents and mandating dual verification of all new employees' age and identity information to ensure compliance with statutory working age requirements and eliminate child labor practices. In 2025, the Company did not engage in the use of any child labor.

To prevent and promptly detect violations, we have established a dedicated reporting channel. In the event of any forced labor, child labor, or non-compliant behavior, employees can submit feedback and reports via email at code.conduct@smooretech.com.



Equity and Diversity

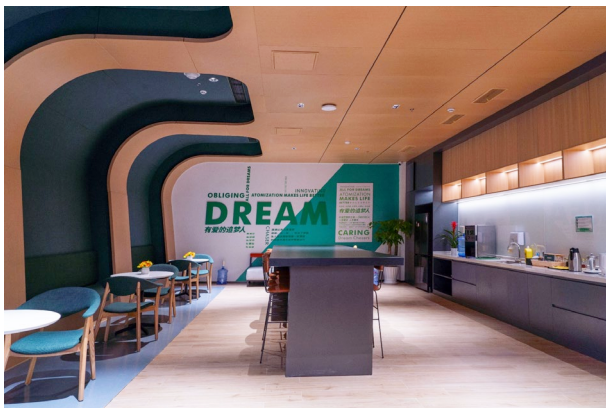
The Group complies with the International Labor Organization's (*ILO Discrimination (Employment and Occupation) Convention*), and incorporates anti-discrimination and diversity hiring requirements in its *Recruitment Management System*. The Company adheres to the principles of fairness, impartiality, and transparency to ensure that recruitment processes and selection criteria are unified and standardized. In recruitment and daily operations, we firmly oppose any discrimination or differential treatment based on gender, age, skin color, disability, nationality, religion, political affiliation, place of birth, language, or ethnicity. We actively foster a diverse and inclusive work environment and organizational culture, supporting employees from all backgrounds to leverage their professional expertise and unique perspectives within core business functions. By integrating diverse experiences and fostering dynamic interactions, we drive innovation and sustainably fuel enterprise growth.

Smoore has established talent diversification and internationalization as a core recruitment strategy, committed to building a talent pipeline with global perspectives and diverse backgrounds. The Company actively expands its presence and makes strategic investments in mainstream global professional recruitment channels such as LinkedIn, leveraging systematic talent sourcing and selection mechanisms to attract internationally oriented professionals with cross-cultural adaptability and specialized expertise.

Diverse Recruitment Channels

Social Recruitment

We release job information through channels such as recruitment websites, social media, and industry development conferences to attract experienced professionals in a targeted manner.



Campus Recruitment

We actively establish partnerships with major universities, participate in campus job fairs and career development lectures, and provide employment opportunities for fresh graduates.



Internal Recruitment

We set up an internal referral incentive mechanism through the internal referral platform (Tuishou) to tap internal resources, encourage employees to recommend outstanding talents to the Company, and offer corresponding rewards to successful referrers.



In 2025, the Company received multiple external recognitions for its employer brand development, demonstrating substantial achievements in talent attraction, employee care, and workplace environment enhancement.

Employer Awards Received by the Company Over the Past Three Years

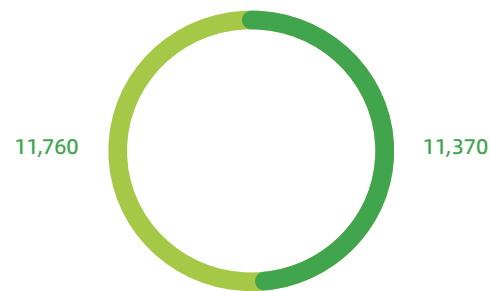
2023	2024	2025
<p>Kenexa</p> <p>2023 Annual Sixth Star and Moon Award for Best Employer Brand - Outstanding Enterprise</p>	<p>Zhaopin</p> <p>Top 50 Employers in Shenzhen</p>	<p>Zhaopin</p> <p>Top 30 Employers in Shenzhen</p>
<p>Liepin</p> <p>2023 Guangdong (Shenzhen) Outstanding Employer</p>	<p>51job</p> <p>2025 Human Resources Management Excellence Award - Outstanding Employer</p>	<p>Liepin</p> <p>Outstanding Employer of the Year 2025, Guangdong</p>
	<p>Moka</p> <p>Employer Brand Most Popular Among College Students</p>	<p>SHL</p> <p>2025 SHL China Talent Management Award, Talent Acquisition Excellence Award</p>
	<p>Liepin</p> <p>2024 Guangdong Outstanding Employer</p>	<p>LinkedIn</p> <p>Global Employer of Talent Attraction</p>
	<p>Internship Monk</p> <p>2024 Employer of Choice</p>	<p>Offershow</p> <p>2025 Top Employer</p>
		<p>Guopin Recruitment Platform</p> <p>2025 Employee-Friendly Enterprise</p>

Employee Composition

Gender

Unit: People

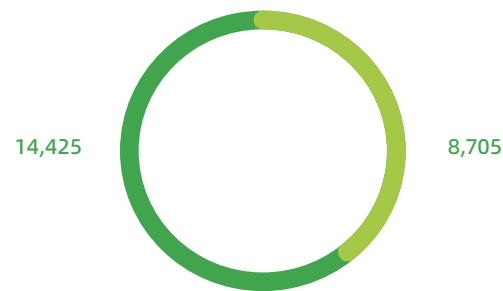
- Male
- Female



Employment Type

Unit: People

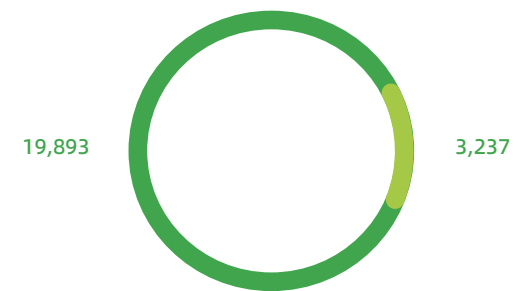
- Full-time
- Part-time



Region

Unit: People

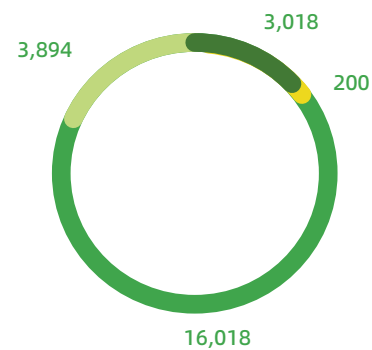
- Chinese mainland
- Overseas (including Hong Kong, Macao, and Taiwan regions)



Age

Unit: People

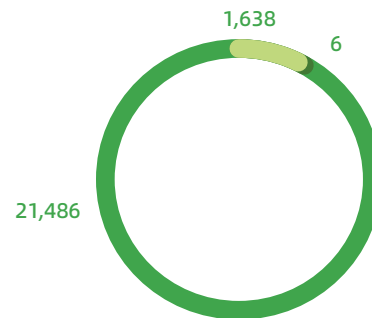
- Under 20 years old
- 21-40 years old
- 41-50 years old
- 50 years old and above



Position

Unit: People

- General and technical staff
- Middle management
- Senior management



Key Performance

In 2025

the Company had a total workforce of **23,130** employees

including

1,644

mid-to-senior-level managers

77%

male

23%

female

Salary and Benefits

The Company upholds the vision and aspiration of "enabling all SMOORE employees to live happy and fulfilling lives." Through regular benchmarking against market compensation levels and periodic reviews of its compensation structure, the Company comprehensively assesses the external competitiveness and internal equity of its pay, continuously refining a diversified salary and benefits system. By integrating diverse incentive mechanisms, the Group attracts and retains top talent, cultivates a high-performance workforce, and drives mutual growth between the enterprise and its employees.

Employee Compensation and Incentives

Employee compensation consists of a fixed component and a variable component. The fixed salary is determined based on factors such as job responsibilities, job level, and years of service, reflecting the fundamental value of employees' labor. The variable compensation is directly linked to the Company's annual operating performance and individual employee performance, encouraging employees to align with the Company's strategic objectives and work together toward shared goals.

The Company adheres to the principle of "comprehensive coverage with conditions," ensuring that all regular employees have the opportunity to participate in either the employee stock ownership plan or the employee stock purchase plan. The specific list of recipients is determined based on a comprehensive assessment of factors, including employee tenure, recent performance, and job level. We implemented a large-scale special grant program (Project 8531 Long-term Incentive) in 2024, and continued to advance the mechanism improvement of this special program in 2025, providing additional grants to certain newly hired key talents to further enhance the coverage and effectiveness of incentives.

Guided by the principles of "growth, efficiency improvement, and remuneration proportional to effort," the Group has established a variable performance-based compensation mechanism that directly links remuneration to performance contributions. Based on performance outcomes, we provide year-end bonuses and excellence awards, as well as long-term incentives such as stock options and restricted shares. In addition, for blue-collar employees in production and operations, we have introduced scenario-based incentives such as "bonuses for over-achievers." Through a differentiated and multi-level incentive system, the Company strengthens both motivation and discipline, fully stimulating employee initiative and proactivity, and aligning individual value creation with corporate development goals.

Employee Benefits

We strictly adhere to the laws and regulations of our operating jurisdictions, providing all employees with statutory benefits in accordance with applicable requirements, including social insurance, medical insurance, and housing provident fund contributions, while building upon this foundation with a diverse and people-centered benefits system. In addition to fulfilling statutory benefit obligations across all locations, the Company offers all employees a range of enriching benefits, including holiday gift packages, team-building activities, and family days. Supplementary allowances covering housing, communications, meals, and secondment assignments are also provided to recognize employees' contributions under specific working conditions. Furthermore, we continue to strengthen our employee care mechanisms, consistently enhancing employees' sense of well-being, belonging, and fulfillment, and cultivating a warm and inclusive working environment.

Employee Care Mechanism

Employee Well-being	Content
Flexible Work Arrangement	For specific roles (such as marketing and research and development positions that interface with overseas operations), we have implemented a flexible work arrangement to meet business management needs and enhance workforce flexibility, thereby improving employee experience.
Work from Home during Adverse Weather Conditions	In the event of a high-level typhoon, heavy rain, or severe convective weather alert issued by the meteorological bureau, all local employees may work from home.
Shenzhen Affordable Housing for Talents	We have applied for affordable rental housing for employees and allocated units based on a comprehensive assessment of employee rank, tenure, and performance. As of December 31, 2025, a total of 317 employees are currently residing in these units, providing convenient living conditions for core talent.
Family Care	<ul style="list-style-type: none"> We organize Family Day events annually (such as Company tours and parent-child fun experiences), which all employees can voluntarily attend. During July and August each year, we operate a summer children's home, hiring professional educators to lead the program throughout. The initiative helps children complete their summer homework and offers engaging activities such as crafts, physical fitness, and intellectual games. All employees may voluntarily sign up and participate free of charge.

Key Performance

In 2025

The Group's variable performance-based compensation system has achieved

100% coverage



Employee Relations

Smoore has established an open, transparent, and two-way communication mechanism to listen to employees' voices and address their needs. Through diversified care initiatives and heartfelt support, we foster a workplace environment that is warm and inclusive, effectively enhancing employees' sense of fulfillment, happiness, and cohesion.

Democratic Communication

The Company continues to improve internal channels for employee expression and the establishment of labor dispute mediation organizations, collecting and addressing employee opinions and disputes through diversified approaches, building a bridge between the enterprise and employees, and supporting timely feedback on work issues and suggestions for improvement. Throughout the entire process of opinion reception and issue resolution, we strictly adhere to personal information protection requirements to ensure that the privacy and legitimate rights and interests of individuals who submit complaints and feedback are fully safeguarded.

Employee Communication Channels

Online: HR Online Feedback Box
(email: hrfeedback@smooretech.com),
Union Email

Offline: Complaint and Feedback Drop Box,
Employee Roundtable Discussions

Collective Bargaining and Freedom of Association

To facilitate employee participation in corporate governance and improve democratic management mechanisms, we have established regular communication channels, legally formed Workers' Congress and elected worker representatives through democratic processes, ensuring representation across all job positions. We have engaged with employee representatives on multiple aspects, including salary and benefits, working conditions, and career development. For reasonable employee demands, the union organization coordinates with relevant departments to conduct special negotiations and jointly develop targeted solutions and implementation plans. After the meeting resolutions are approved through democratic voting, the union takes the lead in supervising the execution and implementation, effectively safeguarding employees' rights to democratic management and oversight, fostering a harmonious and stable labor relationship, and promoting the joint development of the enterprise and its workforce. The Company permits collective bargaining, and no collective bargaining matters are expected within the next 12 months as of the reporting date.



2025 Workers' Congress and Collective Negotiation Meeting

Case

On July 3, 2025, the Group convened its annual Workers' Congress and Collective Negotiation Meeting. The meeting focused on core issues such as labor compensation, working hours and leave, labor safety and hygiene, welfare and insurance, and employee learning and development, conducting in-depth discussions to further improve the employee rights protection system and promote harmonious and stable labor relations.

Employee Satisfaction

The Group conducts annual employee listening initiatives, including satisfaction surveys, to promptly identify employee concerns and areas for management improvement, thereby continuously enhancing employee experience and organizational cohesion. In July 2025, the Group launched its annual employee satisfaction and engagement survey for employees in Chinese mainland. The survey assessed six key dimensions: working conditions and needs, compensation and benefits, promotion mechanisms, management support, team collaboration, and overall development. It was conducted online and anonymously to ensure objectivity and authenticity of the data. The survey achieved an overall score of 78, with an employee recognition rate of 68%. Based on the findings, we have developed targeted improvement measures, particularly focusing on areas with relatively lower scores and recognition. Efforts include enhancing the transparency and fairness of promotion mechanisms, improving the external competitiveness and internal balance of the compensation and benefits system, and strengthening employee trust through optimized evaluation standards, more transparent processes, and improved communication.

Employee Restructuring

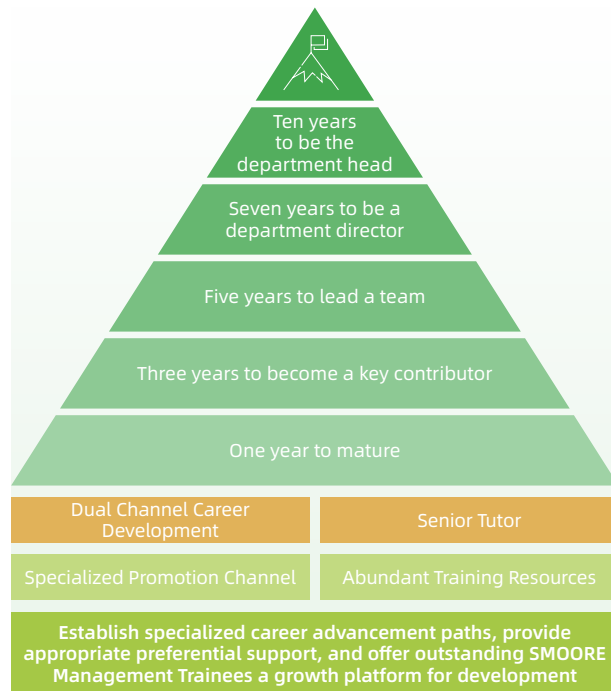
When implementing organizational restructuring or business downsizing due to improvements in organizational efficiency, adaptation to business development, or responses to external environmental changes, the Group strictly adheres to relevant regulations of operating regions, upholds principles of human concern, and prioritizes resolving employees' employment issues through internal job adjustments and placements; if no suitable positions are available, the Group negotiates with employees and legally provides economic compensation, while assisting them with unemployment benefit applications and offering background check support, ensuring that all arrangements are compliant, stable, and implemented in an orderly manner.

Empowering Employee Growth

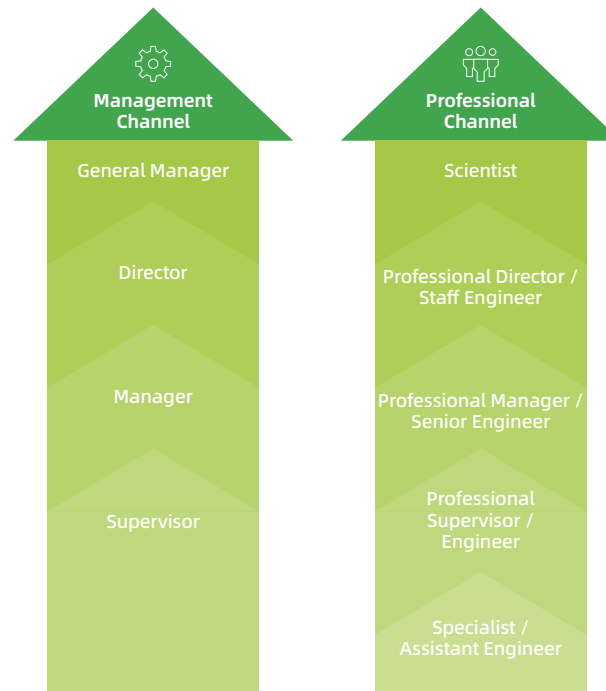
Smoore has deeply integrated employee capability development with organizational growth, treating talent as a critical resource supporting the Company's sustained expansion. The Company provides continuous growth support to employees by designing clear career development pathways, establishing a tiered and categorized training system, and improving assessment and evaluation mechanisms, thereby achieving coordinated development between individual value and organizational objectives.

Career Advancement and Promotion

The Group has established a dual career progression system with parallel advancement paths for management and professional roles. Employee career development begins with a professional track, and after advancing to the supervisor level, individuals may autonomously choose between management or professional development paths based on their career planning, personal capabilities, and business needs. The system supports employees in flexibly transitioning between the dual pathways based on job fit and developmental stage, achieving dynamic alignment between individual growth and the organization's talent strategy.



1-3-5-7-10 Specialized Development Strategy



Dual Channel Career Development Path

Types of Promotion

Annual Promotion

For employees excluding R&D personnel, blue-collar worker, and SMOORE Management Trainee, performance evaluations and promotions shall be conducted based on differentiated criteria established according to job level and job category, in reference to the annual promotion plan standards.

⁷ SMOORE Management Trainee Promotion

For R&D personnel, the R&D qualification framework has been implemented, and evaluations and assessments are conducted based on the T-series qualification standards, providing clear career development pathways for R&D staff.

A dedicated promotion and development pathway has been established for SMOORE Management Trainees who have completed three years of service. Annual reviews are conducted regularly, with core evaluation criteria centered on "Teamwork + Performance + Capability." This initiative provides high-performing SMOORE Management Trainees with a platform for accelerated growth.

Promotion for Blue-collar Workers

A high-frequency promotion mechanism has been established for blue-collar employees, offering two evaluation and promotion opportunities per year. Performance of operational staff serves as a key basis, with assessments conducted according to the J-series promotion criteria.

⁷ SMOORE Management Trainee: Smoore International's flagship talent brand targeting outstanding fresh graduates from leading universities worldwide, designed to develop the next generation of business leaders and technical pioneers. The program comprises two tracks: the SMOORE General Management Trainee for bachelor's and master's graduates, and the SMOORE PhD Management Trainee for doctoral graduates.

Employee Training

The Group has established a systematic training management framework, developing the *Training Management System* for all employees across the Group. Additionally, specialized regulations have been formulated for key training management areas, including the *SMOORE Group Training Program Implementation Management Measures*, the *SMOORE Group External Training Management Measures*, the *SMOORE Group Management Measures for Education and Further Training*, and the *SMOORE Group Training Plan and Budget Management Measures*. These measures provide a solid foundation for enhancing employees' professional capabilities and implementing the Company's talent development strategy.

We provide all employees with a diverse range of online learning resources, covering high-quality internal and external courses on leadership, professional capabilities, and general competencies. We also implement differentiated development strategies for different employee groups, providing strong support for employees' independent learning. For social recruits, the Group centrally organizes intensive training for key talent and regular new hires; for campus recruits, specialized intensive training is conducted for the SMOORE Management Trainees. On the managerial development front, the Group offers the "Zhenyu Program" to middle- and lower-level managers to strengthen management fundamentals, while supporting senior executives in participating in advanced executive education programs, including EMBA, CHRO, and CMO programs offered by prestigious external business schools, thereby broadening their strategic vision and enhancing management capabilities.

In 2025, the Company's employee training programs were anchored in business needs, designed to address real operational challenges and aligned with the Company's key strategic initiatives. Particular emphasis was placed on building capabilities in performance management and overseas compliance, ensuring that training content remained closely tied to business practice and translated effectively into tangible impact.

Internal Courses

Through the selection and development of internal trainers, we have designed and implemented comprehensive compliance training programs tailored to diverse scenarios such as new employee onboarding, talent pipeline development, and technical skill enhancement, fully empowering employees' growth and ensuring standardized job performance.

Newcomer Integration Series

- Courses for new employees include corporate culture, introduction to the electronic atomization industry, introduction to Smoore principles of e-cigarette products, international customs logistics compliance and risk management, human resource management, financial management, intellectual property and legal management, IT and information security management, EHS management, etc.

Professional and Technical Training Series

- Courses tailored to the Group's key capability improvement areas include performance concepts, performance target setting, performance appraisal, performance interviews, user thinking-driven business success, patent analysis of oil-based e-cigarettes, market insight to trend analysis, etc.

Talent Development Program Series

- Courses for middle and grassroots managers include basic management knowledge, cultivation of backbone talents, efficient management communication, financial management for non-financial managers, human resource management for non-HR managers, etc.

Full Staff Compliance Training Series

- Develop and launch responsible marketing audit, anti-corruption and business ethics training courses for all employees.

Training Programs

The Company developed and implemented the 2025 employee training plan, and guided each business unit to independently plan and execute professional capability enhancement initiatives based on their functional positioning and development needs, enabling more precise alignment of training resources with business growth.

2025 Training Program



Training Images



SMOORE Lecture Hall



SMOORE Management Trainee Intensive Training Program



Regular New Employee Training



Zhenyu Program



Key Talent Intensive Training



Training Effectiveness in 2025



New Employee Orientation

2025 SMOORE General Management Trainees Training Camp

86 participants attended 28 courses 8 events 98.8 overall satisfaction score

Regular Newcomer Training

12 training sessions were conducted 494 participants attended 97.2 overall satisfaction score

Key Talent Intensive Training

4 training sessions were conducted 61 participants attended 96 overall satisfaction score



Pre-departure Training for Overseas Personnel

4 Training for Overseas Personnel 70 participants completing the training and passing the project assessment



Zhenyu Program

The 13th phase of the Zhenyu Program was organized, providing comprehensive training for current managers and high-potential supervisors

51 colleagues participated in the learning program

4 intensive lectures

4 salon discussions were held



Professional Competency Enhancement Program

Performance Capability Enhancement Workshop

4 centralized learning sessions were conducted for performance management colleagues across departments 42 participants attended

Performance Objective Setting Workshop

Conducted a goal-setting workshop for the entire leadership team across departments, organizing 7 sessions of intensive learning covered approximately 200 individuals

Performance Review Specialized Empowerment

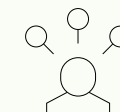
Empowered all department leaders through performance interview training and promoted online learning 4 times covered approximately 400 individuals

Compliance empowerment for overseas managers

Conducted compliance empowerment for overseas personnel and relevant managers, organizing a total of 15 sessions covered 184 individuals

SMOORE Lecture Hall

4 large-scale lectures were conducted covered over 500 participants



External Training

The Group has established the *SMOORE Group Management Measures for Education and Further Training*, the *SMOORE Group External Training Management Measures*, and the *SMOORE Group Management Measures for Innovation and Empowerment*. Through various external training approaches, including employee secondments for study, introduction of external courses, and professional certification programs, the Group continuously enhances the professional competitiveness of all employees. For employees participating in external training and educational advancement, the Company provides dedicated funding support and signs a learning service agreement for each training session to clearly define the rights and responsibilities of both parties.

We focus on developing talent within our core leadership pipeline, establishing strategic partnerships with China Europe International Business School (CEIBS) and Cheung Kong Graduate School of Business (CKGSB). In 2025, the Group sent three employees to participate in core courses for the Executive Master of Business Administration (EMBA), Chief Human Resources Officer (CHRO), and Chief Marketing Officer (CMO).

Key Performance

In 2025

the training participation rate for all employees reached

100%

with a total training and development expenses of

RMB **3.4049** million

the average training and development expenses was

RMB **147.21**



Safeguarding Health and Safety

The Company places safety in production and employee occupational health at the forefront of its operational management. It continuously strengthens its work safety system and strictly implements the work safety responsibility system. Through regular safety drills and training, including fire prevention and first aid exercises, the Company enhances employees' emergency response capabilities, while comprehensively optimizing the work environment to effectively safeguard occupational health. These efforts ensure that employees can work safely and with confidence. In 2025, 5 factories within the Group obtained ISO 45001 Occupational Health and Safety Management System certification.



ISO 45001 Occupational Health and Safety Management System Certification

Work Safety

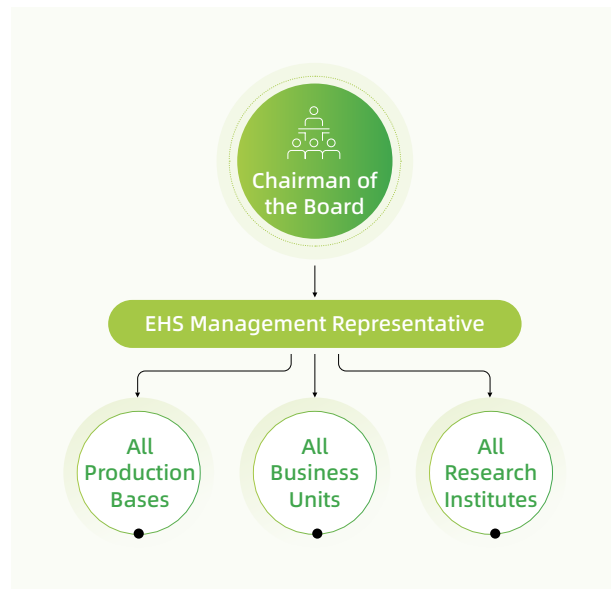
The Group adheres to the work safety policy of "safety first, prevention-oriented, and comprehensive management," strictly implementing work safety laws and regulations, including the *Work Safety Law of the People's Republic of China*, the *Fire Control Law of the People's Republic of China*, and the *Law of the People's Republic of China on Occupational Disease Prevention and Control*. The Group has established internal management documents such as the *Accident Management Procedure*, the *Emergency Preparedness and Response Control Procedure*, the *EHS Inspection Management Procedure*, the *Hazard Identification and Risk Assessment Procedure*, the *Personal Protective Equipment Management Procedure*, the *Occupational Health Management Procedures*, and the *Safety Education and Training Management Regulations*, to systematize and standardize work safety management processes and ensure compliance in operations.



Governance Structure

We have established a clear and comprehensive occupational health and safety organizational structure in accordance with the *Work Safety Law of the People's Republic of China*, and formed the Work Safety Management Committee (referred to as the Safety Committee). At the management level, senior executives such as the Group Chairman are responsible for coordinating strategic decision-making, health and safety, and work safety management. At the operational level, we manage each business unit, industrial park, and base separately by region and business segment, clearly defining personnel's work safety responsibilities in the *Work Safety Responsibility Document* and linking work safety targets to the performance of leaders across each business units / department.

Organizational Structure of the Work Safety Management Committee



Work Safety Goals

The Group has established clear occupational safety and health objectives and incorporated them into the annual management plan to systematically guide occupational safety and health efforts and prevent or reduce the occurrence of work safety incidents. In 2025, the Group recorded no major work safety incidents, achieving the 2025 target set.

Work Safety Goals/Indicators for 2025

Safety Indicator	Goal
Level 3 (lost-time serious injuries, occupational diseases, major fires, major environmental pollution incidents) and above accidents	0
Accident rate per thousand employees for Level 2 (lost-time minor injuries, general fires, general environmental pollution incidents) and above accidents	≤ 2. 2%
Reporting rate for Level 2 (lost-time minor injuries, general fires, general environmental pollution incidents) and above accidents	100%

Identification of Occupational Hazard Factors

The Group systematically conducts identification and control of occupational hazard factors across all operational sites, comprehensively covering all operations across the Group. Key focus is placed on identifying occupational hazard factors in categories such as chemical, physical, biological, and ergonomics, establishing a standardized, dynamically updated the *List of Occupational Hazard Factors by Plant*. Through standardized hazard identification processes and data aggregation mechanisms, hazard information is systematically managed, providing a reliable foundation for subsequent risk assessments, development of graded control measures, and occupational health surveillance activities, continuously enhancing the scientific rigor and effectiveness of occupational health and safety management.

In 2025, through a comprehensive approach combining document review, on-site inspection, and monitoring data analysis, the Group completed the identification of occupational hazard factors across all operational sites and established a dynamic management ledger. This ledger clearly records the locations where hazards exist, the number of personnel exposed, protective measures in place, and the health examination status of affected workers. As a result, occupational hazard information is now traceable, manageable, and updatable, providing accurate data support for risk assessments, graded control, and occupational health surveillance, effectively advancing the systematic and refined operation of the occupational health management system.

Occupational Health Data

2025 Data

Completion rate of occupational hazard declarations at each operational site

100%

Completion rate of occupational hazard inspections at each operational site

100%

Completion rate of occupational health examination services at each operational site

100%

Completion rate of occupational health training at each operational site

100%

Special Safety Inspection

In 2025, the Company conducted 15 specialized safety-related inspections covering environmental protection, occupational health, hazard identification, and holiday safety checks. A total of 241 major issues were identified, leading to the creation of a *Specialized Rectification List*, with targeted improvement measures proposed for each issue. By clearly defining the person responsible for rectification, completion deadlines, and resource support requirements, we have implemented a closed-loop management mechanism of "one issue, one solution."

At the same time, each operational site has established a multi-tiered self-inspection mechanism, routinely conducting daily patrols, comprehensive inspections led by responsible personnel, and specialized inspections by safety management staff, covering key areas such as production sites, equipment and facilities, and work processes. Implement full-cycle closed-loop management for issues identified during self-inspection, including identification, rectification, verification, and archiving. Establish an electronic ledger simultaneously, with designated personnel responsible for recording and archiving to ensure timely identification and effective handling of potential hazards.



Occupational Health and Safety System Development in Indonesia

Case

In 2025, the Group conducted preliminary audits of occupational health and safety system construction at various factories in Indonesia, in response to the demand for overseas business expansion. The audit work is based on local compliance, systematically reviewing regulatory requirements from laws such as the *Indonesian Occupational Safety and Health Act* and the *Environmental Management Regulations*. Integrated with the Group's EHS management standards, a localized audit checklist has been developed covering three dimensions: regulatory compliance, management standardization, and risk prevention, ensuring that audit criteria are both internationally compliant and operationally applicable.

Through a combination of document review and on-site verification, key issues were identified and documented in an *EHS Corrective Recommendation Report* for the Indonesia facility. In addition, by convening issue alignment meetings with facility management leads, we strengthened cross-departmental collaboration and closed-loop management, driving the efficient implementation of improvement actions.

Equipment Safety Risk Assessment

The Group has established a equipment safety risk assessment mechanism covering the entire process of equipment delivery and acceptance. Led by the equipment management department, the acceptance process involves collaboration among technical, safety, and user departments. Acceptance documents are separately signed for standard and non-standard equipment, with key elements such as documentation review, training and assessment, safety protection, electrical and fire safety, environmental protection and occupational health, and safety signage receiving focused verification. High-risk issues identified are managed through a closed-loop remediation process. In 2025, we completed rectifications for issues such as missing safety signage, inadequate protection of moving parts, and simple control password settings, ensuring equipment is safe and controllable prior to deployment.

Fire Safety

The Group has established a closed-loop fire safety management system covering the entire process, including publicity and training, management of key areas, control of ignition sources, management of facilities and equipment, inspection and rectification of hazards, emergency response, incident handling, and record keeping, in accordance with the *Fire Safety Management Procedure*. In November 2025, the Group conducted a cross-check of fire safety inspections, covering a total of 82 items across three major areas: fire safety management, key locations, and equipment and facilities, with immediate rectification implemented for identified potential hazards. At the same time, we conduct fire emergency drills to enhance on-site response capabilities and employee evacuation skills. In 2025, the Group conducted a total of 33 lithium battery abnormality response drills and 41 comprehensive fire safety drills across all facilities.



Fire Drill

Work Safety Training

To continuously enhance employees' safety awareness and risk prevention capabilities, the Group has established a systematic and routine training system closely aligned with business scenarios and risk management requirements. The training content covers key areas such as occupational safety and health laws and regulations, job-specific safety operating procedures, hazard identification and risk control, fire safety and emergency drills, occupational disease prevention, proper use of personal protective equipment, and accident case studies for education and warning. Specialized training is implemented according to the specific characteristics of different roles, including production, technical, and managerial positions, ensuring that the content is practical, relevant, and applicable in real-world contexts. The training covers all employees and managers, ensuring broad participation and effective outcomes through a diverse format combining online and offline methods, as well as complementary theoretical instruction and practical exercises.

In 2025, the Group conducted a total of 1,031 occupational health and safety training sessions, with a cumulative duration of 2,770 hours, reaching 118,000 participants. The Company will continue to optimize its training mechanisms and drive occupational health and safety management toward greater precision and effectiveness.

Safety Culture Promotion

Smoore remains deeply committed to advancing a company-wide safety culture, with initiatives running throughout the year and engaging employees at every level. In 2025, we conducted comprehensive hazard inspections through our Safety and Environment Month and Fire Prevention Month campaigns, complemented by knowledge quizzes and hands-on emergency drills, collectively attracting over 74,000 participants. The fifth annual "Safety and Environment Cup" emergency skills competition was successfully held, from which three Safety and Environmental Culture Ambassadors were selected to serve as internal champions of safety excellence. Throughout the year, we also published 30 safety-themed articles on our internal platform, garnering approximately 12,000 views, further embedding a strong and enduring safety culture across the organization.

Key Performance

In 2025

Number of emergency drills conducted for various types

150

Total investment in work safety (including occupational health)

RMB 3.4185 million

Number of work-related fatalities and the fatality rate over the past three years

0%

Number of potential hazards identified

4,321

Rate of hazard rectification

97.02%

Safety Culture Activity Photos



Safety and Environment Month



The Fifth "Safety and Environment Cup"



Fire Safety Promotion Month

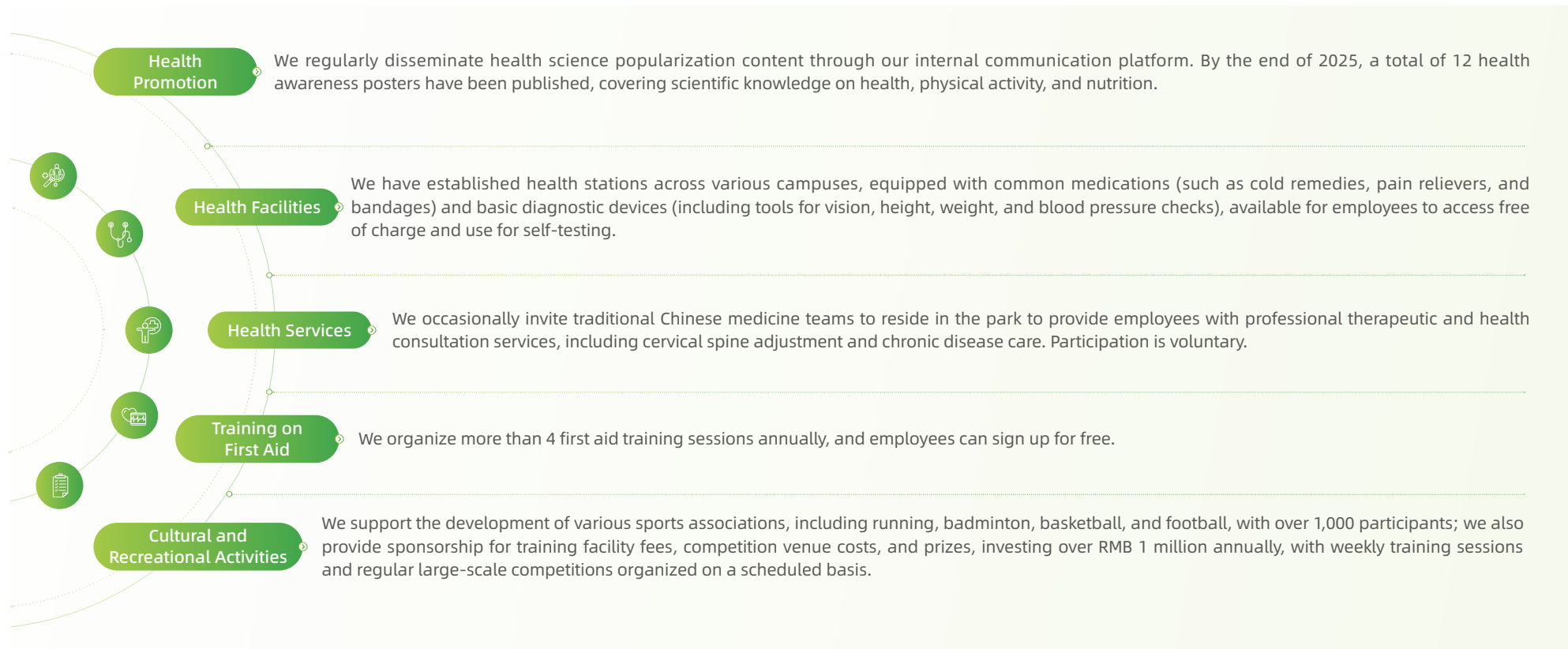


Selection of Safety and Environmental Culture Ambassadors

Occupational Health

The Group adheres to a people-centered philosophy, focusing on employees' physical and mental well-being and overall work experience. Through a routine health support system, targeted psychological care initiatives, and a positive and inclusive organizational culture, the Company effectively enhances employees' sense of fulfillment, belonging, and happiness. Every employee is encouraged to feel the Company's genuine care, grow alongside the organization, and share in its development.

Employee Health Support System



05 / Social

Building Partnerships, Delivering Shared Value

Smooere fully recognizes that the quality, resilience, and sustainability of its supply chain are intrinsically linked to the Company's production and operations. The Company is committed to fostering a fair, transparent, green, low-carbon, and shared-responsibility procurement ecosystem, working closely with supply chain partners to jointly advance sustainable development and continuously build an innovative, collaborative, secure, efficient, and sustainable supply chain.

ESG Topics We Focus on

Sustainable Supply Chain Management
Sustainable Procurement

Our Response to HKEx ESG Metrics

B5: Supply Chain Management

Our Responses to SDGs Topics



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Supplier Management

The Group strictly implements systems such as the *Supplier Management Regulation* and the *Procurement Control Procedures*, continuously strengthening compliance management of suppliers by optimizing each stage of the procurement process.

Supplier Selection and Determination

Based on the importance of materials and the complexity of the procurement market, suppliers are classified into three categories according to material hierarchy—A, B, and C, implements hierarchical management. During the screening phase, suppliers are required to possess production capabilities aligned with the Company's business needs and to establish a comprehensive and effective quality assurance system to ensure stable and reliable product quality. Additionally, suppliers must provide relevant ISO quality management system certification documents. In chemical and hazardous substance management, suppliers are required to strictly comply with the requirements of the *Material Safety Data Sheet* (MSDS) and the *Restriction of Hazardous Substances* (RoHS), ensuring compliance at the source of the supply chain. In 2025, the Company revised the *Raw Material Price Increase Management Plan* to clearly define risk identification, tiered response mechanisms, and emergency measures for fluctuations in metal raw material prices, enhancing the supply chain's resilience to market volatility.

Supplier Survey

The Company requires suppliers to complete the *Supplier Survey Form*, *Supplier Evaluation and Inspection Form*, and *Supplier/Manufacturer Compliance Commitment Letter*, and conducts an initial assessment of suppliers through written review or on-site investigation. After the preliminary review is passed, the supplier evaluation team will organize an on-site audit, conducting item-by-item verification based on the *Supplier Audit Checklist* and forming an evaluation conclusion in combination with the findings from the site visit to determine the supplier's eligibility for cooperation.

Supplier File Management

For suppliers that have been evaluated and deemed qualified, the Company will systematically archive their basic information, confidentiality agreements, RoHS/REACH (SVHC) declarations, supplier survey forms, evaluation and on-site inspection records, audit checklists, and compliance commitment letters to ensure traceability in management and verifiability of documentation.

Supplier Audit

We require suppliers to submit self-assessment scores, compliance statements, and supporting documentation, and the procurement team will establish an audit Group to conduct on-site verification at the supplier's production facility. The audit assessment covers dimensions such as supply chain procurement management, on-site quality management, production and R&D management, social responsibility management, occupational health and safety management, environmental protection control, and document and system management. It results in an on-site audit report and ongoing tracking of corrective actions to ensure that improvement outcomes are fully implemented and closed.

For Class A and Class B key suppliers, the Company has established an annual audit plan covering critical sustainability management elements such as quality control, product design and reliability, and environmental compliance. Core suppliers are subject to audits at least once per year, while other suppliers undergo dynamic assessments based on actual business needs. During the audit process, a "problem-driven approach with focused attention on key elements" is adopted, addressing identified issues through rectification, coaching, and re-inspection to ensure closed-loop management. In 2025, the Company completed its annual performance evaluation of 123 core suppliers, all of which achieved qualified ratings, with 100% of identified improvement actions closed out.

Supplier Evaluation and Withdrawal

The Company conducts performance evaluations of suppliers through a combination of monthly and annual assessments. Suppliers with lower evaluation ratings are required to submit improvement plans within a specified timeframe and implement the necessary corrective actions. If a supplier is found to have serious violations such as environmental non-compliance, falsification of professional qualifications, engagement in illegal business activities, or being investigated by public security authorities, the Company will immediately terminate its cooperation and remove it from the list of qualified suppliers.

Key Performance

In 2025

595

suppliers



including

494

located in Chinese mainland

and

101

overseas (including Hong Kong, Macao, and Taiwan regions)

595

suppliers certified under the ISO 9001 quality management system

with a coverage rate of

100%

130

suppliers certified under ISO 14001 environmental management system

Sustainable Procurement

The Group adheres to a responsible procurement philosophy, actively expanding green and low-carbon procurement pathways by prioritizing safe, environmentally friendly, and renewable raw materials to drive the sustainability transformation of its supply chain. The Company also establishes clear disciplinary standards for fraudulent behaviors to guide suppliers in upholding integrity, effectively reducing compliance risks.

Green Procurement

To ensure material safety and environmental compliance, the Company requires that all procured materials meet environmental standards, with strict control over hazardous substance management across all stages—including raw material procurement, new product development, manufacturing, packaging, storage, and transportation—to ensure that products do not contain prohibited hazardous substances. Suppliers must provide a material composition list and third-party test reports (such as RoHS, REACH, and FDA) and meet the requirements related to the Material Safety Data Sheet (MSDS). In procurement decisions, the Company continues to incorporate environmental factors into its evaluation framework, prioritizing biodegradable and low-environmental-impact materials based on actual product application scenarios, thereby promoting the development of a green supply chain.

Transparent Procurement

The Group has fully implemented a transparent procurement mechanism and established the *Supplier Fraud Blacklist Management System*, clearly requiring all suppliers to strictly comply with anti-corruption laws and regulations as well as Company policies throughout the cooperation process. Any form of bribery, extortion, or improper influence is prohibited, and suppliers must not provide cash, gifts, rebates, or other improper benefits to Company employees. For suppliers and their related parties found to have engaged in fraudulent behavior, the Company will take measures including restricting cooperation, suspending orders, terminating cooperation, and pursuing contractual liabilities, based on the severity of the misconduct and their level of cooperation with the investigation. Those involved in serious cases will be permanently added to the blacklist. In 2025, the Company required all category suppliers to sign the *Integrity Cooperation Agreement*, which is attached as an appendix to the purchase contract, serving as a foundation for cooperation. The annual signing rate of *Integrity Cooperation Agreement* reached 100%, achieving full coverage of domestic and overseas suppliers and effectively strengthening the integrity and compliance of collaborations. In addition, the Company has established a supplier blacklisting management system. For suppliers involved in fraudulent activities, restrictive measures such as red cards (prohibition of cooperation) or yellow cards (limitation on order volume) will be implemented based on the severity of the offense, strengthening integrity management within the supply chain and promoting the development of a fair, transparent, and trustworthy procurement ecosystem.

Conflict Minerals Management

For minerals such as gold, tantalum, tin, and tungsten that may be involved in production, the Company adheres to ethical sourcing principles and commits to not procuring minerals from conflict-affected areas or regions with human rights risks. Require all relevant suppliers to sign the *Letter of Commitment for Non-Use of Conflict Minerals* and conduct regular compliance reviews. As of the end of 2025, a total of 19 suppliers had signed the *Letter of Commitment for Non-Use of Conflict Minerals*, covering primary sources of critical materials. This ongoing effort continues to promote transparency and responsible management within the supply chain, ensuring that mineral procurement complies with international ethical standards.

Key Performance

In 2025

Number of suppliers that signed the *Letter of Commitment for Non-Use of Conflict Minerals*

19

The signing rate of the *Integrity Cooperation Agreement* reached

100%

Supplier Empowerment

Smoore has always been committed to building a sustainable supply chain ecosystem grounded in mutual growth and shared prosperity. Through systematic communication and empowerment mechanisms, the Company drives collaborative improvements among suppliers across quality, environmental protection, compliance, and sustainability. In 2025, the Company held a supplier summit to establish a high-level dialogue platform, strengthening policy communication and capacity building, and encouraged key suppliers to engage deeply in the Company's sustainability strategy, achieving a shift from supplier "management" to genuine "co-creation".



Host the 2025 Supplier Conference to Strengthen Collaboration, Empowerment, and Shared Responsibility Case

In 2025, the Company convened its annual Supplier Conference, with 34 core suppliers attending in person. The conference centered on the concentrated dissemination and briefing of key governance documents, including the *Supplier ESG Code of Conduct* and the *Green Supply Chain Data Collection Commitment*, with all participating suppliers completing on-site signatures, achieving a 100% signing rate.

The full text of the *Shenzhen Smoore Technology Co., Ltd. Supplier ESG Code of Conduct* was also formally issued to all suppliers with a mandatory compliance requirement. In parallel, the Company drove adoption of renewable energy certificates (RECs) across its supplier base, encouraging all suppliers to procure green electricity for the manufacturing of Smoore-related products. Through face-to-face engagement and interactive workshops, the Company further deepened suppliers' understanding of and commitment to sustainability requirements, laying a solid foundation for a transparent, efficient, and responsible supply chain ecosystem.



Supplier Conference

06 / Social

Investing in Communities, Building a Better Society

Smooore consistently regards the fulfillment of social responsibility as an intrinsic part of sustainable development. Guided by its philanthropic philosophy of "delivering warmth through action and building the future through responsibility," the Company actively contributes to rural revitalization and broader social well-being. With a focus on key areas such as industrial empowerment, educational support, and emergency response, Smooore drives the precise allocation of philanthropic resources to those in greatest need. Through systematic program design and the establishment of sustainable mechanisms, the Company continuously enhances the accessibility, effectiveness, and long-term impact of its philanthropic initiatives, striving to harness corporate strength in advancing regional coordinated development, improving people's livelihoods, and responding to emergencies, and thereby embodying the social value and sense of mission of a responsible enterprise.

ESG Topics We Focus on

Community Investment

Our Response to HKEx ESG Metrics

B8: Community Investment

Our Responses to SDGs Topics



SMOORE



Donations and Activities in 2025

The Group has always regarded the fulfillment of social responsibility as a core mission, adhering to the philosophy of "giving back to society and promoting shared growth," and actively engaging in rural revitalization and social welfare initiatives. The Company focuses on key areas including rural development, disaster relief, and community building. Through diverse initiatives spanning industrial support, educational assistance, and infrastructure development, it drives philanthropic efforts toward greater precision and sustainability, effectively addressing societal needs and continuously leveraging corporate strength to advance industrial revitalization, talent cultivation, and improvements in people's livelihoods.

Disaster Relief

In response to the Tai Po fire in Hong Kong, the Company donated HK\$5 million to support disaster relief efforts, with funds allocated to medical assistance, temporary housing, daily necessities, and post-disaster reconstruction for affected residents.

Support for Public Welfare Initiatives

Donated RMB 300,000 to Jiangmen City Jianghai District Charity Association to support multiple local charitable initiatives, with a total of 3 personnel and 8 hours of effort invested.

Targeted Poverty Alleviation

Assisted Bao'an District Government in advancing the targeted poverty alleviation project in Wuzhou, Guangxi, donating RMB 630,000 to help enhance social development levels in the recipient region, with a total of 3 personnel and 48 hours of effort invested.



Education Support

Donated RMB 500,000 to Xixiang Experimental School in Bao'an District to support improvements in teaching facilities and student development programs, with a total of 3 personnel involved and 40 hours of effort invested.



Donated RMB 500,000 to Central China Normal University Bao'an Affiliated School to support campus environment development, with a total of 3 personnel and 48 hours of effort invested.



"Spring Care for Frontline Traffic Police and Auxiliary Police" Public Welfare Activity

Case

In the days leading up to the 2025 Spring Festival, the Group, through its subsidiary Shenzhen Smoore, donated RMB 100,000 to the Shenzhen "Care for Traffic Auxiliary Police Fund." In partnership with Agricultural Bank of China Luohu Branch, Taikang Hospital, and a mobile medical unit, the Group formed a dedicated care team that visited the Luohu and Bao'an Traffic Police Brigades over two days, delivering festive financial gifts and complimentary health check-ups to more than 200 frontline motorcycle officers, and providing targeted assistance to 20 officers facing financial hardship. This initiative subsequently attracted supply chain partners to join the fund, establishing a replicable model of lightweight community investment – one in which a technology company mobilizes multi-party resources through modest financial contributions to deliver precisely targeted support for the city's frontline workers and amplify broader social impact.



Spring Festival Greetings of the Bao'an Traffic Police Brigade

Appendix

Annual Key Performance

Environmental key performance indicators	Unit	2023	2024	2025
Greenhouse Gas Emissions⁸				
Direct emissions (Scope 1) ⁹	tonnes of CO _{2e}	5,803.4	2,818.3	2,532.2
Indirect emissions (Scope 2) ¹⁰	tonnes of CO _{2e}	76,711.2	61,136.0	68,429.9
Indirect emissions (Scope 3) ¹¹	tonnes of CO _{2e}	867,340.2	866,381.1	1,072,005.9
Total greenhouse gas emissions	tonnes of CO _{2e}	949,854.8	930,335.4	1,142,968.0
Greenhouse gas emissions intensity	tonnes of CO _{2e} /ten million RMB	847.8	788.5	801.7
Indirect emissions (Scope 3) intensity	tonnes of CO _{2e} /ten million RMB	774.2	734.3	752.0
Energy Usage				
Total energy consumption	MWh	137,056.6	135,772.7	154,308.6
Gasoline	MWh	659.1	513.1	562.2
Diesel	MWh	176.0	779.0	1,233.2
Natural gas	MWh	808.6	2,538.5	3,826.9
Purchased electricity	MWh	135,412.9	131,942.1	148,686.3
Total energy consumption intensity	MWh/ten million RMB	122.3	115.1	108.2

⁸ The scope of greenhouse gas emissions verification, please refer to the Greenhouse Gas Verification Statement in the Appendix. The relevant emissions are quantified using the emission factor method and the mass balance method, with the *ISO 14064-1:2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals* adopted as the overarching accounting standard. Based on the GHG inventory results for 2023 and 2024, the Company restated the relevant data on greenhouse gas emissions and energy consumption for 2023 and 2024 in 2025.

⁹ For Scope 1 greenhouse gas emissions, the emission factors refer to the following standards and references: the *General rules for calculation of the comprehensive energy consumption (GB/T 2589-2020)*, the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, the *IPCC Sixth Assessment Report (2021)*, and oil product information of PetroChina - the *Introduction to Diesel Properties*.

¹⁰ For Scope 2 greenhouse gas emissions, an emission factor of 0.6096 kgCO_{2e}/kWh (excluding electricity from market-based trading of non-fossil energy) is adopted for China based on the *2023 Electricity Carbon Emission Factors* jointly released by China's Ministry of Ecology and Environment and the National Bureau of Statistics, 0.3497 kgCO_{2e}/kWh is adopted for the United States based on data from the U.S. Environmental Protection Agency (EPA), and 0.682 kgCO_{2e}/kWh is adopted for Indonesia based on Statista data.

¹¹ For Scope 3 greenhouse gas emissions, the emission factors refer to the following standards and databases: China Products Carbon Footprint Factors Database (CPCD), the *Announcement on the Release of 2024 Electricity Carbon Footprint Factor Data (No. 19 [2025])*, the *2023 Electricity Carbon Emission Factors*, Ecoinvent 3.11, the U.S. EPA's *Supply Chain GHG Emission Factors v1.3 by NAICS-6*, and the *UK Government Greenhouse Gas Conversion Factors for Company Reporting (DEFRA 2021)*.

¹² In 2025, the Company further refined the scope of emission statistics for air emissions by including emissions data from stationary and mobile sources across all regions in the accounting scope. Based on the optimization of the statistical scope, the Company correspondingly restated the data regarding emissions of volatile organic compounds (VOCs) and particulate matter (PM) for the year 2024.

Environmental key performance indicators	Unit	2023	2024	2025
Green electricity certificates purchased	MWh	3,500.0	29,350.0	37,080.0
Water Resources Usage				
Total water withdrawal	tonnes	826,349.2	771,639.7	907,517.6
Total water consumption	tonnes	0.0	0.0	0.0
Total water discharge	tonnes	826,349.2	771,639.7	907,517.6
Freshwater consumption	tonnes	0.0	0.0	0.0
Freshwater withdrawal	tonnes	826,349.2	771,639.7	907,517.6
Water consumption intensity	tonnes/ten million RMB	0.0	0.0	0.0
Freshwater withdrawal intensity	tonnes/ten million RMB	739.9	654.0	636.6
Wastewater Discharge				
Domestic sewage discharge	tonnes	/	771,639.7	907,517.6
Air Emissions¹²				
Nitrogen oxide (NO _x) emissions	kg	537.2	334.8	865.5
Sulfur oxide (SO _x) emissions	kg	1.2	3.3	2.8

Environmental key performance indicators	Unit	2023	2024	2025
Volatile Organic Compounds (VOCs)	kg	/	17,026.2	3,099.9 ¹³
Particulate matter (PM) emissions	kg	/	73,755.0	41,285.2 ¹³
Waste Discharge				
Total non-hazardous waste	tonnes	2,965.8	4,164.5	18,887.1 ¹⁴
Plastics	tonnes	189.1	83.8	239.5
Metal	tonnes	59.4	89.8	107.0
Paper	tonnes	296.0	374.2	576.8
Other industrial wastes	tonnes	564.3	93.5	639.9
Domestic waste	tonnes	1,857.0	3,523.2	17,323.9
Non-hazardous waste intensity	tonnes/ten million RMB	2.7	3.5	13.2
Total hazardous waste	tonnes	238.7	372.4	527.9
Waste organic solvents and waste containing organic solvents	tonnes	/	/	67.4
Waste mineral oils and waste containing mineral oils	tonnes	/	/	422.9
Mercury-containing waste	tonnes	/	/	1.2
Other waste	tonnes	/	/	36.4
Hazardous waste intensity	tonnes/ten million RMB	0.2	0.3	0.4
Material Usage				
Total packaging consumption	tonnes	16,443.4	21,127.0	13,553.0
Plastics	tonnes	1,980.1	1,961.0	2,128.0
Paper	tonnes	14,270.8	18,977.0	11,200.0
Metal	tonnes	192.5	189.0	225.0
Packaging consumption intensity	tonnes/ten million RMB	14.7	17.9	9.5

Social key performance indicators	Unit	2023	2024	2025	
Employees					
Total number of employees	People	13,306	18,566	23,130	
By gender	Male	6,171	9,628	11,370	
	Female	7,135	8,938	11,760	
By employment type	Full-time	13,306	12,806	14,425	
	Part-time	/	5,760	8,705	
By age	Under 20 years old	542	2,417	3,894	
	21-40 years old	10,794	13,743	16,018	
	41-50 years old	1,832	2,263	3,018	
	50 years old and above	138	143	200	
By region	Chinese mainland	11,556	16,560	19,893	
	Overseas (including Hong Kong, Macao, and Taiwan regions)	1,750	2,006	3,237	
Employee Monthly Turnover Rate¹⁵					
By gender	Male	%	7.3	6.3	6.8
	Female	%	6.8	5.5	4.8
By age	Under 20 years old	%	9.5	6.9	10.3
	21-40 years old	%	7.3	5.8	6.1
	41-50 years old	%	4.6	4.6	3.1
	50 years old and above	%	3.7	3.3	2.0
By region	Chinese mainland	%	7.7	6.1	6.7
	Hong Kong, Macao, and Taiwan regions	%	0.0	0.5	1.3
	Overseas (excluding Hong Kong, Macao, and Taiwan regions)	%	1.1	1.6	1.4
Employee training					
Total employee training hours	Hours	494,311	740,969	849,209	

¹³ The decrease in emissions of volatile organic compounds (VOCs) and particulate matter (PM) during the year was mainly attributable to operational adjustments and enhanced treatment efficiency of environmental protection equipment.

¹⁴ In 2025, affected by business expansion and the commencement of operations at new factories, the number of employees across all production sites increased, resulting in a rise in the total volume of non-hazardous waste for the Review Period.

¹⁵ Employee monthly turnover rate calculation scope: full-time employees only. The monthly turnover rate for a specified employee category = (Number of employees in specified category who left employment during the Review Period) / ((Total number of employees in specified category at the beginning of the year + Total number of employees in specified category at the end of the year) / 2) / 12 * 100%.

Social key performance indicators		Unit	2023	2024	2025
Percentage of trained employees ¹⁶		%	100	100	100
By gender	Male	%	46.4	51.9	49.2
	Female	%	53.6	48.1	50.8
By position	Directors and above-level personnel	%	/	1.9	1.6
	Managerial personnel	%	/	6.7	5.5
	General and technical staff	%	/	91.4	92.9
Average training hours per employee ¹⁷		Hours	37.1	39.9	36.7
By gender	Male	Hours	41.8	41.6	34.4
	Female	Hours	33.2	38.1	39.0
By position	Senior management	Hours	30.3	30.2	43.2
	Middle management	Hours	32.9	35.9	33.4
	General and technical staff	Hours	37.7	40.4	36.8
Occupational health and safety					
Number of lost days due to work-related injuries		Days	146	370.5	498
Number of fatalities due to work-related injuries - employee		People	0	0	0
Fatality rate due to work-related injuries - employee		%	0	0	0
Innovation and R&D					
Number of R&D personnel		People	1,480	1,609	1,731
Patents applications filed		Quantity	7,695	9,253	11,309
Invention patents		Quantity	3,867	4,760	6,066
Utility model patents		Quantity	1,932	2,234	2,639
Design patents		Quantity	1,896	2,259	2,604
Registered valid patents		Quantity	3,389	4,214	5,065
Invention patents		Quantity	490	842	1,385
Utility model patents		Quantity	1,528	1,769	1,898
Design patents		Quantity	1,371	1,603	1,782
R&D expenditure		Thousand RMB	1,482,846	1,572,313	1,523,340

¹⁶ The percentage of trained employees = (Total number of trained employees) / (Total number of employees) * 100%. The training percentage for a given employee category = (Total number of trained employees in that category during the Review Period) / (Total number of trained employees) * 100%.

¹⁷ Average training hours per employee = Total training hours / Total number of employees. Average training hours per employee for a given category = Total training hours for employees in that category during the Review Period / Total number of employees in that category.

¹⁸ This data does not include the Company's donation of RMB 5 million to the Tibet earthquake-stricken area in January 2025, which has been included in the 2024 ESG report.

Social key performance indicators		Unit	2023	2024	2025
Product quality and safety					
Number of Products Recalled		Cases	0	0	0
Percentage of total products sold or shipped subject to recalls for safety and health reasons		%	/	/	0
Customer communication and service					
Number of major complaints concerning product quality and service		Cases	0	0	0
Number of complaints received concerning products or services		Cases	/	/	13
Resolution rate for complaints received concerning products or services		%	/	/	100
Suppliers Management					
Total number of suppliers		Number of suppliers	453	541	595
By region	Mainland China	Number of suppliers	418	473	494
	Overseas (including Hong Kong, Macau, and Taiwan)	Number of suppliers	35	68	101
Ratio of suppliers signing integrity commitment		%	83	100	100
Anti-corruption					
Number of concluded corruption litigation cases led against the enterprise or its employees		Cases	2	2	2
Times of business ethics training		Times	14	14	18
Coverage of employees who have received business ethics training		%	/	/	100
Public welfare					
Number of people engaged in public welfare/volunteering activities		People	38	25	16
Public welfare/volunteering activities hours		Hours	207	255	164
Public welfare expenditure		RMB	8,274,461	6,332,990	6,954,000 ¹⁸

HKEX Environmental, Social, and Governance Reporting Code Index

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
A: Environmental		
A1 Emissions	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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Strengthening Pollution Prevention and Control
	KPI A1.1 The types of emissions and respective emissions data.	Annual Key Performance
	KPI A1.2 Repealed 1 January 2025.	/
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Annual Key Performance
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Annual Key Performance
	KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	Strengthening Pollution Prevention and Control
	KPI 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.	Strengthening Pollution Prevention and Control
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials	Promoting Green Operations
	KPI 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).	Annual Key Performance
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Annual Key Performance

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
A2 Use of Resources	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Promoting Green Operations
	KPI 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.	Promoting Green Operations
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Annual Key Performance
A3 Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Promoting Green Operations
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promoting Green Operations
A4 Climate Change	Repealed 1 January 2025.	/
	KPI A4.1 Repealed 1 January 2025.	/
B. Social		
Employment and Labor Practices		
B1 Employment	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, anti-discrimination, and other benefits and welfare.	Protecting Employee Rights Empowering Employee Growth
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Protecting Employee Rights Annual Key Performance
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Annual Key Performance

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
B2 Health and Safety	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.		Safeguarding Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safeguarding Health and Safety Annual Key Performance
	KPI B2.2	Lost days due to work injury.	Annual Key Performance
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safeguarding Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Empowering Employee Growth
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Annual Key Performance
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Annual Key Performance
B4: Labour Standards	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 and forced labour.		Protecting Employee Rights
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protecting Employee Rights
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Protecting Employee Rights
	Operating Practices		
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		Supplier Management Sustainable Procurement
	KPI B5.1	Number of suppliers by geographical region.	Supplier Management Annual Key Performance

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
B5 Supply Chain Management	KPI 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.	Supplier Management Sustainable Procurement
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management
B6 Product Responsibility	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.		Pursuing Excellent Quality Providing Quality Services
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Annual Key Performance
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Providing Quality Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation-Driven Development
	KPI B6.4	Description of quality assurance process and recall procedures.	Pursuing Excellent Quality
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Enhancing Corporate Governance
	Operating Practices		
B7 Anti-Corruption	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.		Uphold Ethics Management
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or employees during the Review Period and the outcomes of the cases.	Uphold Ethics Management Annual Key Performance

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	
B7 Anti-	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Uphold Ethics Management
	Corruption	Description of anti-corruption training provided to directors and staff.	Uphold Ethics Management
Community			
B8 Community Investment	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.		Donations and Activities in 2025
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Donations and Activities in 2025
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Donations and Activities in 2025 Annual Key Performance

Climate-related Disclosures	Chapter
19. An issuer shall disclose information about:	
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Responding to Climate Change- Governance
(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Responding to Climate Change- Governance
(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Responding to Climate Change- Governance
(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	Responding to Climate Change- Governance
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Responding to Climate Change- Governance
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Responding to Climate Change- Governance
Climate-related risks and opportunities	
20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Responding to Climate Change-Strategy

Climate-related Disclosures	Chapter
(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	Responding to Climate Change-Strategy
(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons - short, medium or long term - the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Responding to Climate Change-Strategy
(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Responding to Climate Change-Strategy
Business model and value chain 21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose::	
(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	Responding to Climate Change-Strategy
(II) Strategy (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Responding to Climate Change-Strategy
Strategy and decision-making 22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	
(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	Responding to Climate Change-Strategy
(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	Responding to Climate Change-Strategy

Climate-related Disclosures	Chapter
(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	Responding to Climate Change-Strategy
(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Responding to Climate Change-Strategy
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Responding to Climate Change-Strategy
23. An issuer shall disclose information about the progress of plans disclosed in previous Review Periods in accordance with paragraph 22(a).	Responding to Climate Change-Strategy
Climate resilience	
(II) Strategy 26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	Responding to Climate Change-Strategy
(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	Responding to Climate Change-Strategy
(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Responding to Climate Change-Strategy
(b) how and when the climate-related scenario analysis was carried out, including:	

Climate-related Disclosures	Chapter
(i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	Responding to Climate Change-Strategy
(II) Strategy (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	
(ii) the key assumptions the issuer made in the analysis; and	Responding to Climate Change-Strategy
(iii) the Review Period in which the climate-related scenario analysis was carried out.	Responding to Climate Change-Strategy
27. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	Responding to Climate Change- Risk Management
(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	Responding to Climate Change- Risk Management
(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	Responding to Climate Change- Risk Management

Climate-related Disclosures	Chapter
(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;	Responding to Climate Change- Risk Management
(v) how the issuer monitors climate-related risks; and	Responding to Climate Change- Risk Management
(III) Risk Management (vi) whether and how the issuer has changed the processes it uses compared with the previous Review Period;	Responding to Climate Change- Risk Management
(b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	Responding to Climate Change- Risk Management
(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Responding to Climate Change- Risk Management
Greenhouse gas emissions 28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the Review Period, expressed as metric tons of CO ₂ equivalent, classified as:	Annual Key Performance
(a) Scope 1 greenhouse gas emissions;	Annual Key Performance
(b) Scope 2 greenhouse gas emissions; and	Annual Key Performance
(c) Scope 3 greenhouse gas emissions.	Annual Key Performance
29. An issuer shall:	
(IV) Metrics and Targets (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Responding to Climate Change- Metrics and Targets
(b) disclose the approach it uses to measure its greenhouse gas emissions including:	
(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	Responding to Climate Change- Metrics and Targets
(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	Responding to Climate Change- Metrics and Targets

Climate-related Disclosures	Chapter
(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the Review Period and the reasons for those changes;	Responding to Climate Change- Metrics and Targets
(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	Annual Key Performance
(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Annual Key Performance
Climate-related transition risks 30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Responding to Climate Change- Metrics and Targets
(IV) Metrics and Targets Climate-related physical risks 31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Responding to Climate Change- Metrics and Targets
Climate-related opportunities 32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Responding to Climate Change- Metrics and Targets
Capital deployment 33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Responding to Climate Change- Metrics and Targets
Internal carbon prices 34. An issuer shall disclose:	
(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	Responding to Climate Change- Metrics and Targets
(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Responding to Climate Change- Metrics and Targets

Climate-related Disclosures	Chapter
Remuneration 35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Responding to Climate Change- Governance
Climate-related targets 37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	
(a) the metric used to set the target;	Responding to Climate Change- Metrics and Targets
(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	Responding to Climate Change- Metrics and Targets
(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	Responding to Climate Change- Metrics and Targets
(IV) Metrics and Targets (d) the period over which the target applies;	Responding to Climate Change- Metrics and Targets
(e) the base period from which progress is measured;	Responding to Climate Change- Metrics and Targets
(f) milestones or interim targets (if any);	Responding to Climate Change- Metrics and Targets
(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	Responding to Climate Change- Metrics and Targets
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Responding to Climate Change- Metrics and Targets
38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
(a) whether the target and the methodology for setting the target has been validated by a third party;	Responding to Climate Change- Metrics and Targets
(b) the issuer's processes for reviewing the target;	Responding to Climate Change- Metrics and Targets

Climate-related Disclosures		Chapter
(IV) Metrics and Targets	(c) the metrics used to monitor progress towards reaching the target; and	Responding to Climate Change- Metrics and Targets
	(d) any revisions to the target and an explanation for those revisions.	Responding to Climate Change- Metrics and Targets
	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Responding to Climate Change- Metrics and Targets
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a) which greenhouse gases are covered by the target;	Responding to Climate Change- Metrics and Targets
	(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	Responding to Climate Change- Metrics and Targets
	(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	Responding to Climate Change- Metrics and Targets
	(d) whether the target was derived using a sectoral decarbonisation approach; and	Responding to Climate Change- Metrics and Targets
	(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	Responding to Climate Change- Metrics and Targets
	(ii) which third-party scheme(s) will verify or certify the carbon credits;	Responding to Climate Change- Metrics and Targets
	(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	Responding to Climate Change- Metrics and Targets
(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Responding to Climate Change- Metrics and Targets	


List of Applicable Laws and Regulations

Classification	Name of Laws and Regulations	Internal Regulations
Environmental Protection	Environmental Protection Law of the People's Republic of China	Procedures for Identification and Evaluation of Environmental Factors
	Water Law of the People's Republic of China	Emergency Preparedness and Response Control Procedure
	The Law of the People's Republic of China on Water Pollution Prevention and Control	Accident Management Procedure
	The Law of the People's Republic of China on Noise Pollution Prevention and Control	Water Use Management System
	The Law of the People's Republic of China on Prevention and Control of Solid Waste Environmental Pollution	Energy Management Handbook
	The Law of the People's Republic of China on Air Pollution Prevention and Control	Energy Evaluation and Control Procedures
	The Law of the People's Republic of China on Environmental Impact Assessment	Energy Review Plan
	The Law of the People's Republic of China on the Promotion of Clean Production	Resource Conservation Management Regulations
	The Law of the People's Republic of China on Circular Economy Promotion	Wastewater Management Regulations
	Comprehensive Emission Standard for Air Pollutants	Regulations on Waste Gas Management
	Integrated Wastewater Discharge Standard	Regulations on the Safety Management of Hazardous Waste
	Emission Standard for Environmental Noise at Boundaries of Industrial Enterprises	
	Standard for Noise Limits at Construction Site Boundaries	
	Energy Conservation Law of the People's Republic of China	
	Energy Conservation Management Measures for Key Energy-Using Units	
Labor	Labor Law of the People's Republic of China	Employee Handbook
	The Labor Contract Law of the People's Republic of China	Employee Business Code
	The Work Safety Law of the People's Republic of China	Recruitment Management System
	The Fire Control Law of the People's Republic of China	Training Management System
	The Special Equipment Safety Law of the People's Republic of China	SMOORE Group Training Program Implementation Management Measures
	The Law of the People's Republic of China on the Protection of Women's Rights and Interests	SMOORE Group External Training Management Measures

Classification	Name of Laws and Regulations	Internal Regulations
Labor	The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	SMOORE Group Training Plan and Budget Management Measures
	Social Insurance Law of the People's Republic of China	SMOORE Group Management Measures for Education and Further Training
	Trade Union Law of the People's Republic of China	SMOORE Group Management Measures for Innovation and Empowerment
	Regulations on Work-related Injury Insurance	Occupational Health Management Procedures
	Regulations on Emergency Response to Work Safety Accidents	EHS Inspection Management Procedure
	Regulations on the Prohibition of Child Labor	Hazard Identification and Risk Assessment Procedure
	The Law of the People's Republic of China on the Protection of Minors	Personal Protective Equipment Management Procedure
Product Responsibility		Safety Education and Training Management Regulations
	Trademark Law of the People's Republic of China	Specifications on Full-process Management of Patents
	Patent Law of the People's Republic of China	Management Measures for Patent Reward and Compensation
	Anti-Unfair Competition Law of the People's Republic of China	SMOORE Patent Infringement Risk Analysis Process and Standards
	Anti-Money Laundering Law of the People's Republic of China	R&D Project Patent Work Process Standards
	Anti-Monopoly Law of the People's Republic of China	Quality Plan Control Procedures
	Company Law of the People's Republic of China	Key Position Control Points
	Securities Law of the People's Republic of China	Regulations on Product Recall Management
	Advertising Law of the People's Republic of China	Nonconforming Product Control Procedure
	Regulations Implementing the Tobacco Monopoly Law of the People's Republic of China	Kappa Assessment Management Mechanism

Classification	Name of Laws and Regulations	Internal Regulations
Product Responsibility	Regulations on Electronic Cigarettes	MSA Measurement System Analysis Procedure
		ORT Reliability Test Code of Practice
		SMOORE 3.0 Standard
		E-cigarette Cartomiser Enterprise Test Specification
		Failure Analysis Procedures and Requirements
		Regulations on Hazardous Chemicals Management
		Chemical Safety Management Procedure
		Safety Management System for Chemical and Explosive Hazardous Chemicals
		Customer Feedback Management Control Procedure
		Customer Satisfaction Survey Procedure
Anti-Corruption and Corporate Governance		Customer Complaint Handling Procedures
		Responsible Marketing Policy
	Interim Provisions on Prohibiting Commercial Bribery	Anti-fraud and Reporting Management System
	The Listing Rules of The Stock Exchange of Hong Kong Limited	Accountability Management Standards
	Corporate Governance Guidelines for Listed Companies	Measures for the Classification, Grading and Use Management of Information Assets
	Basic Norms for Internal Control in Enterprises	Information System Security Emergency Response Plan
	Trade Union Law of the People's Republic of China	Management Measures for Application System Emergency Response
	The Hong Kong Companies Ordinance (Cap. 622)	Management Measures for Backup Systems
		Management Measures for Computer Configuration Standards
		General Specification for Information Security Management

Independent Assurance Statement



Independent Assurance Statement

Introduction

Bureau Veritas Hong Kong Limited, a member of the Bureau Veritas Group in France (hereinafter referred to as "Bureau Veritas"), has been commissioned by Smoore International Holdings Limited (hereinafter referred to as "Smoore") to conduct an independent external assurance of the Smoore International Holdings Limited 2025 Environmental, Social and Governance Report (hereinafter referred to as the "Report"). The Bureau Veritas assurance team has performed the assurance engagement of this Report in accordance with the contract terms agreed with Smoore and within the scope of responsibilities defined by the contractual agreement.

The intended users of this statement are stakeholders concerned with the environmental, social, and governance performance and impacts of Smoore in the fiscal year 2025 (January 1, 2025, to December 31, 2025).

Assurance Principles and Standards

Bureau Veritas performed this assurance engagement according to the following standards from AccountAbility:

- AA1000 Accountability Principles²⁰¹⁸
- AA1000 Assurance Standard v3

Type and Level of Assurance

Bureau Veritas followed the "Type 2" and "Moderate" level requirements of the AA1000 Assurance Standard v3 to verify the information and data disclosed in the report.

Specific performance information includes Scope 1 greenhouse gas emissions, Scope 2 greenhouse gas emissions, total hazardous waste, total non-hazardous waste, total energy consumption, total water withdrawal, total employee turnover rate, number of work-related fatalities, and lost days from work-related injuries.

The following standards were also used to implement this verification work:


- With reference to 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")
- With reference to Global Reporting Initiative (GRI) by the Global Sustainability Standards Board (GSSB)

Assurance Methodology

Bureau Veritas performed this external assurance based on its ESG reporting assurance methodology. The assurance activities included:

- Conducting interviews with management and personnel responsible for the collection and consolidation of sustainability performance data to understand and evaluate key processes, systems, and internal controls over sustainability information and data.
- Reviewing the entity's environmental, social, and governance (ESG) management practices, processes, and specific information and data based on sampling principles to test the accuracy of the information and data.

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- Communicating the assurance findings to the company's management and providing the opportunities for the company to make relevant improvements prior to completing the assurance process.
- Collecting and evaluating supporting documentary evidence and management presentations to assess the company's level of adherence to the assurance principles.

Nature and Scope of Assurance

Bureau Veritas reserves the right to update the assurance opinion statement periodically, depending on the extent of differences between the content of the published version of the report and the agreed standard requirements.

The engagement team carried out this assurance from March 15th to April 13th, 2026.

Smoore is responsible for the preparation of the sustainability report, the collection of information, and the establishment of the internal control system.

Bureau Veritas has not been involved in the preparation of any materials for this report and has solely conducted an independent and impartial assurance of the published information based on the agreed scope.

Limitations

Bureau Veritas performed the assurance strictly within the agreed scope, type, and level of assurance defined in the assurance agreement. Information and data relevant to the assurance were limited to those disclosed in the report provided by the organization.


Bureau Veritas' assurance does not cover the company's annual financial reports, financial data, or other information unrelated to sustainability. If the company's report references financial information audited independently by accounting firm, Bureau Veritas will neither trace the original data nor provide opinions regarding its conformity during the assurance process.

Assurance Opinion

Based on the above methodology and scope of assurance, the Bureau Veritas assurance team concludes that, during the assurance process, no instances or information came to our attention contradicting the following statements:

- The report and its content presentation comply with the AA1000 Assurance Principles.
- The reporting organization has chosen an appropriate assurance level for the current report. The content of this report meets the requirements for the AA1000 AS v3 "Type 2" and "Moderate" assurance levels.
- The organization has implemented relevant management processes to collect and compile key information related to material topics within the reporting boundaries.
- The environmental, social, and governance (ESG) related information and performance indicators disclosed in this Report have been evaluated and supported by written evidence.

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Adherence to the AA1000 Accountability Principles

Inclusivity Smoore has demonstrated a strong commitment to inclusivity by engaging with and responding to the views and expectations of stakeholders. A variety of communication and engagement methods, such as regular meetings and surveys, are used to communicate with stakeholders including government and regulatory bodies, shareholders and investors, employees, customers, suppliers, communities, and other relevant parties. This approach has allowed the organization to understand the issues that matter most to its stakeholders. We recommend that the company further develop its stakeholder engagement processes and strategies, as well as disclose the feedback from stakeholders participating in these processes.

Materiality Smoore has established and implemented effective processes to identify material issues. The company systematically identifies and considers stakeholder opinions and the company's sustainability context to evaluate significant impacts on governance, the environment, and society, as well as the extent of impact on stakeholders' assessments and decisions.

Responsiveness Smoore has shown its responses to major issues in the report. The company has addressed significant issues and made declarations about the policies and strategies responding to stakeholder concerns.


Impact Smoore has monitored, measured, and evaluated the impact of its actions, performance, and outcomes on the economy, environment, society, stakeholders, and the organization itself, with reference to the relevant standards.

Disclosure of Key Performance Indicators

Based on the requirements for Type 2 Moderate Assurance, Bureau Veritas' assurance conclusions regarding the reliability and quality of specific performance information are as follows:


- We observed that Smoore has implemented relevant processes and appropriate measures to collect and provide reliable source data related to the selected specific performance information.
- During the assurance process, no material misstatements were identified regarding the specific performance indicators and data.

Su Fan
Su Fan | Technical Manager of China Sustainability Service
Bureau Veritas Hong Kong Limited
April 13th, 2025



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Greenhouse Gas Verification Statement



GREENHOUSE GAS VERIFICATION STATEMENT

Certificate No.: 04126GHGA20097

The 2025 Greenhouse Gas Inventory Report of

Responsible party: Smoore International Holdings Limited

(Issue date: March 15, 2026; Time period: January 1, 2025- December 31, 2025)



has been verified in accordance with ISO 14064-3:2019 with the materiality and the level of assurance satisfied.

Verification Criteria: ISO 14064-1:2018

Verification Programmes: ISO/IEC 17029:2019; ISO 14065:2020; ISO 14064-3:2019
IAF MD6:2023; ISO 14066:2023

Boundary(ies): The 2025 Greenhouse Gas Inventory Report of Smoore International Holdings Limited
Organizational boundaries:
All facilities under the operational control and related to greenhouse gas emissions and removals of Smoore International Holdings Limited, which located at appendix B address.
Scope of business and activities:
Research and development, production, and sales of electronic atomizers, key components of electronic atomizers, and related equipment
Time period:
January 1, 2025- December 31, 2025
GHG Category(ies):
 Category 1 Category 2 Category 3
 Category 4 Category 5 Category 6

Total emissions: 1,156,647.16 tCO₂e (Grid Emission Factor based on location)
Total emissions: 1,142,968.05 tCO₂e (Grid Emission Factor based on market)
Type of entity: Third-party
Issue date: April 13, 2026
Commissioned by: Shenzhen Smoore Technology Co., Ltd.
 Details of the objectives, assurance levels, materiality, intend users of the GHG statement, etc. are given in the appendix to this verification statement of which forms an integral part.

General manager

CTI Certification Co., LTD.
 Zone A BF CTI Building, No.4 Liu Xian San Road, Xin'an Street, Bao'an District, Shenzhen, Guangdong Province, China.
 This certificate is available on our website (www.cti-cert.com).



APPENDIX A TO THE GREENHOUSE GAS VERIFICATION STATEMENT

Certificate No.: 04126GHGA20097

Description of the verification: CTI verified the inventory of Greenhouse gas emissions in year 2025 of Smoore International Holdings Limited according to ISO 14064-3:2019.

Scope: 02 General Manufacturing

Objectives:
 a) Evaluate whether the GHG inventory report meets the requirements of ISO 14064-1:2018
 b) Evaluate the consistency and completeness of the GHG inventory report
 c) Verify the correctness and reasonableness of the GHG accounting and reporting
 d) Evaluate the GHG-related management controls at the organization level

Assurance level: Reasonable
Materiality threshold: 5%
Intended users: Stakeholders involved in the business activities
Nature of data and information supported the GHG statement: Historical facts

GHGs included: CO₂ CH₄ N₂O HFCs PFCs SF₆ NF₃

Category 1 Emissions: 2,532.22 tCO₂e
Category 2 Emissions: 82,183.74 tCO₂e (Grid Emission Factor based on location)
Category 3 Emissions: 68,429.93 tCO₂e (Grid Emission Factor based on market)
Category 4 Emissions: 175,981.46 tCO₂e
Category 5 Emissions: 463,164.44 tCO₂e (Grid Emission Factor based on location)
Category 6 Emissions: 463,239.14 tCO₂e (Grid Emission Factor based on market)
Category 5 Emissions: 432,785.30 tCO₂e
Total Emissions: 1,156,647.16 tCO₂e (Grid Emission Factor based on location)
Total Emissions: 1,142,968.05 tCO₂e (Grid Emission Factor based on market)




General manager

CTI Certification Co., LTD.
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 This certificate is available on our website (www.cti-cert.com).



APPENDIX B TO THE GREENHOUSE GAS VERIFICATION STATEMENT

Certificate No.: 04126GHGA20097

THIS STATEMENT CONTAINS SITE INFORMATION

No.	Company Identification	Production/Business Premises
1	Shenzhen Smoore Technology Co., Ltd.	1st-6th Floor (Main Building and Annex Building) of No.16, 1st-8th Floor of No.15, 1st-3rd Floor of No.17, 1st-8th Floor of South Building of No.10, Dongguan Industrial Park, Gushu Street, Bao'an District, Shenzhen, Guangdong, China
2	Shenzhen Smoore Technology Limited Qixing Branch	No.101, 102, 103, Building A, No. 6, Songgang Avenue, Tantou Community, Songgang Street, Bao'an District, Shenzhen, Guangdong, China
3	Shenzhen Smoore Technology Limited Songgang Branch	No.101, 102, 103, No. 2, South 2nd Road, Dalianyuan, Dongfang Community, Songgang Street, Bao'an District, Shenzhen, Guangdong, China
4	Dongguan Smoore Technology Limited	No.14-15, Fuxing Road, Chang'an Town, Dongguan, Guangdong, China
5	Shenzhen Smoore Technology Limited Shiyen Branch	1st Floor, Building 2, Wansha Industrial Park, West side of Songbai Road, Tangjiao Community, Shiyen Street, Bao'an District, Shenzhen, Guangdong, China
6	Shenzhen Smoore Technology Limited Guangming Branch	No.201, 301, Building 1, Hemo Optoelectronic Science and Technology Park Workshop (Phase I), High-tech Industrial Park, Tangjia Community, Fenghuang Street, Guangming District, Shenzhen, Guangdong, China
7	Shenzhen Vaporesco Technology Limited	No.101-304 of Factory Building 1, No.101-303 of Factory Building 2, Songgang East Road No.15, Songgang Street, Bao'an District, Shenzhen, Guangdong, China
8	Shenzhen Smoore Technology Limited Xin'an Branch	No.101-601, Building C7, and 1st-6th Floor, Building C8, Xin'an Second Industrial Zone, Guang Community, Xixiang Street, Bao'an District, Shenzhen, Guangdong, China
9	Jiangmen Moore Technology Co., Ltd.	No. 140, Jiangmu Road, Jianghai District, Jiangmen, Guangdong, China
10	Shenzhen Smoore Technology Limited Lutang Branch	1st-5th Floor, Building 2, and 1st-6th Floor, Building 3, East District, Lutang Community, Lutang Road, Xixiang Street, Bao'an District, Shenzhen, Guangdong, China
11	Jiangmen Smoore New Material Technology Limited	Building 4, 8, and 9, Keyuan Road No.20, Jianghai District, Jiangmen, Guangdong, China
12	Jiangmen Moore Technology Co., Ltd.	No.1 and 2, Industrial Acceleration Park, No. 333, Nanshan Road, Jianghai District, Jiangmen, Guangdong, China
13	PT. Atomization Technology Indonesia	Purwosari, Pasuruan Regency, East Java 67162, Indonesia
14	PT. Merit Technology and Innovation Indonesia	Jl. Berbek Industri II No.30, Berbek Industri, Berbek, Kec. Wanu, Kabupaten Sidoarjo, Jawa Timur 61236, Indonesia
15	PT. Smoore Technology Indonesia	Jl. Perusahaan Raya No.46, Karanglo, Banjaranum, Kec. Singasari, Kabupaten Malang, Jawa Timur 65153, Indonesia
16	PT. Genesis Technology Indonesia	Kavling B, GLT Building, Jl. Sampang Kowaleri, Desa/Kelurahan Randuagung, Kec. Singasari, Kab. Malang, Provinsi Jawa Timur 65753, Indonesia
17	Shenzhen Smoore Technology Co., Ltd. Beijing Branch	No.401, 402, 501, 502, 601, 602, 701, Floors 4-7, Building 5, "Sea-Ocean" Yingchang Project, No. 17 Tianzhu East Road, Zone A, Tianzhu Airport Industrial Zone, Shunyi District, Beijing, China
18	Shenzhen Smoore Technology Co., Ltd. Changsha Branch	No. 101, Building C9, Phase II, China Electronics Software Park, No. 18 Jianshan Road, Changsha High-Tech Development Zone, Hunan, China
19	Smoore Labs	PWC INNOVATION RESEARCH I, LLC, 11225 Asset Loop, Manassas, VA 22109, USA
20	Spectrum Dynamic Research	7201 E. Henkel Way, Suite 115, Scottsdale, Arizona 85255, USA
21	Transpire Bio Inc.	2945 West Corporate Lakes Blvd, Suite A, Weston, FL 33331




General manager

CTI Certification Co., LTD.
 Zone A BF CTI Building, No.4 Liu Xian San Road, Xin'an Street, Bao'an District, Shenzhen, Guangdong Province, China.
 This certificate is available on our website (www.cti-cert.com).

Reader Feedback Form

To continuously improve our ESG initiatives and enhance the capability and level of ESG management, we sincerely welcome your feedback and suggestions.

We kindly request your assistance in addressing the issues raised in the feedback form and welcome your suggestions or comments via email to our Company.

Email address:

Your information

Name

Company name

Tel

Email

Opinions & Suggestions

1. What is your overall evaluation of the Company's ESG report?

Excellent Good Average

2. Do you believe this report adequately reflects the significant impacts of the Company's ESG topics?

Yes To some extent Don't know

3. How clear, accurate, and complete do you perceive the information, data, and metrics disclosed in this report to be?

Excellent Good Average Poor Very poor

4. Which aspect of this report do you find most satisfactory?

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5. What additional information would you like to learn about?

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