

Stock Code:300729

LOCTEK 乐歌

Loctek Ergonomic Technology Corp.

Tel.: 0574-55007473

Website: www.loctek.com

Address: No. 436, Xueshi Road, Shounan Subdistrict,
Yinzhou District, Ningbo City, Zhejiang Province, China

2025

Sustainability Report

Loctek Ergonomic Technology Corp.

LOCTEK



Loctek

CONTENTS

Foreword	1
About this Report	1

Message from the Chairman	3
----------------------------------	----------

About Us	5
Company Profile	7
Corporate Culture	8
Development History	9
2025 Milestones	11

Overview of 2025 Outstanding Achievements	13
2025 Honor Highlights Gallery	15
Key Performance	17

Sustainability Governance	19
Sustainability Governance Framework	21
Sustainability Strategy	23
Management of Sustainability-related Risks and Opportunities	24
Sustainability Metrics and Targets	25
Stakeholder Engagement	27
Materiality Assessment	29

Special Topic: ESG Practices of Lecangs	31
--	-----------

01 Integrity and Compliance: Strengthening Sustainable Governance

Corporate Governance	41
Investor Relations Management	44
Compliance and Risk Control	46
Business Ethics and Anti-corruption	50
Information Security and Privacy Protection	54

02 Green and Low-Carbon Development for Environmental Sustainability

Response to Climate Change	59
Change Action	69
Environmental Management	73
Resource Efficiency	85

03 R&D Quality: Driving Sustainable Development Through Innovation

R&D System Construction	95
Advance New Quality Productive Forces	101
Intellectual Property Protection	105
Product Quality Assurance	108
Quality Service	117
Sustainable Supply Chain	123

04 Empowering Employees and Fostering Inclusive Growth

Diversity and Inclusion	131
Compensation and Benefits	136
Protection of Employees' Rights and Interests	139
Democratic Governance	143
Employee Wellbeing	145
Occupational Health and Safety	147
Employees' Development	158

05 Promoting Business for Good through Public Welfare

Public Welfare and Charity	165
Educational Access	165
Universal Participation in Charity	169
Community Communication and Exchange	170
Support for Rural Revitalization	171
Belt and Road Initiative Participation	171
Local Community Development	172

Appendix

Index of Key Performance	173
Feedback Form	177

Foreword

About this Report

This report is the second Sustainable Development Report publicly released by Loctek Ergonomic Technology Corp. (hereinafter referred to as "the Company", "Loctek" or "Loctek Corp."). Prior to this, we have published two Social Responsibility Reports (SSR) and two Environmental, Social and Governance (ESG) Reports. This report aims to truthfully reflect the Company's ESG development and practical achievements during the 2025 fiscal year, publicly disclose the Company's operational performance to stakeholders, and enable shareholders, creditors, business partners, employees and other stakeholders to gain an in-depth understanding of the Company's social responsibility practices. We hope to strengthen communication with stakeholders, build consensus and promote sustainable development through the publication of this Sustainable Development Report.

Reporting Scope and Boundary

This report is specific to Loctek along with its branches and subsidiaries. Unless otherwise specified, the scope of this report is consistent with that of the Company's annual reports.

Reporting Period

This report covers the period from January 1 to December 31, 2025 (the "reporting period"). In order to present more comparative and forward-looking reporting data, certain sections may include retrospective data or forward-looking statements. This report is published on an annual basis, which is consistent with the Company's financial reporting cycle.

Reporting Guidelines

- ▶ Global Reporting Initiative (GRI) *Sustainability Reporting Standards* ("GRI Standards")
- ▶ United Nations Sustainable Development Goals (SDGs)
- ▶ Sustainability Accounting Standards Board (SASB) Standards
- ▶ International Sustainability Standards Board (ISSB), IFRS Sustainability Disclosure Standards
- ▶ China Enterprise Reform and Development Society, *Guidelines for Chinese Enterprises' Sustainable Development Reports (CASS-ESG 6.0)*
- ▶ *Guidelines No. 17 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)*
- ▶ Shenzhen Stock Exchange, *Self-Regulatory Guidelines for ChiNext Listed Companies No. 3 – Preparation of Sustainable Development Reports*

Data Sources

All information and data referenced in this report are sourced exclusively from official documents, statistical reports and financial statements of Loctek, as well as internal data and publicly available information gathered, consolidated and audited across various functional departments and business units within the Company. Unless otherwise specified, all financial figures are presented in Renminbi (RMB). In cases of discrepancies in financial figures between this report and the annual report, the latter shall prevail.

Access to this Report

In line with our commitment to low-carbon and sustainability practices, this report is available for review and download from the Company's official website (<https://www.loctek.com>) and the website of CNINFO (<https://www.cninfo.com.cn>). For further information beyond what is included here, please refer to our annual report or visit our website.

Confirmation and Approval

Upon review and approval by the Company's Board of Directors on April 24, 2026, this report has been published concurrently with the annual report. The Board undertakes to supervise the preparation of this report, confirming that the contents of this report are true, accurate and complete in all material aspects, free from misstatements or misleading information.

Feedback

We value your feedback and welcome any comments or suggestions regarding our corporate responsibility efforts and this report. For any report-related comments or suggestions, please feel free to contact us. Thank you for your continued support.

Board Secretary Office



Tel.: 0574-55007473

Fax: 0574-88080232

E-mail: law@loctek.com

Address: No. 436, Xueshi Road, Shouan Subdistrict, Yinzhou District, Ningbo City, Zhejiang Province, China

Message from the Chairman

In 2025, the global economy faced multiple pressures from trade frictions, geopolitical conflicts and growth divergence. Leveraging its strong resilience and growth potential, Loctek delivered steady revenue growth. These impressive results are the product of our consistent and solid efforts. We remain customer-centric, align with the evolving trends of the times, adhere to long-termism and focus on long-term strategic planning. While continuing to deepen our presence in the smart home sector, we have steadily advanced the construction of our self-built overseas warehouses. This report comprehensively and objectively presents the Company's practices and achievements in environmental, social and governance aspects, and also embodies our unwavering commitment and relentless pursuit of sustainable development.

Lane Shaw
Founder & Chairman of Loctek



Focus on Core Business and Actively Return Value to Shareholders

The company adheres to its core business of smart home, emphasizes R&D and innovation, and upholds the strategy of developing independent brands. It mainly promotes the "LOCTECK" brand in the domestic market and the "FlexiSpot" brand in overseas markets, establishing comprehensive sales channels covering domestic and overseas markets, online and offline. The Company has always taken it as its mission to create long-term, stable and sustainably growing value returns. Capitalizing on the industry trends in recent years where overseas warehouses have been upgraded to core supply chain hubs and China's cross-border e-commerce has maintained steady and robust growth, the Company has achieved the deep integrated development of cross-border e-commerce and overseas warehouse businesses. Over the past three years, the Company has achieved a compound annual growth rate (CAGR) of 19.84% in revenue, with cumulative dividends exceeding RMB 300 million, accounting for 80.53% of the Company's average profit over the same period. The Company carefully listens to the demands of various stakeholders and continuously strengthens communication with investors. The controlling shareholder has voluntarily increased holdings of the Company's shares twice, conveying firm confidence in the Company's long-term development.

Improve Governance and Uphold Integrity and Standardized Operations

The Company continues to deepen standardized governance and continuously enhance governance transparency and credibility, having been awarded Grade A in the Shenzhen Stock Exchange (SZSE) Information Disclosure Assessment for three consecutive years. Simultaneously, the Company strengthens risk control and compliance construction and comprehensively improves the risk management and internal control system. It has always abided by the principles of honest operation, strictly observed business ethics, and improved the integrity risk prevention and control mechanism. The Company effectively protects customer information security, achieving zero incidents of customer data security breaches. With a modern, efficient and transparent governance structure, the Company consolidates the foundation of corporate governance, providing strong support for the long-term healthy development and sustainable value creation of the enterprise.

Practice Green Development and Protect the Ecological Environment

The company adheres to the environmental philosophy of "green and low-carbon, energy conservation first, efficiency-oriented, and full participation". It has incorporated climate change risks into its risk management framework to standardize climate governance. Actively responding to the carbon peaking and carbon neutrality goals, the Company integrates green management throughout the entire product life cycle, conducts carbon footprint accounting, and has built an ecological factory featuring "rooftop power generation, fish farming with wastewater, birds singing and flowers blooming, and fruits and melons fragrant". By upgrading technologies and equipment and advancing digitalization, the Company promotes energy conservation and emission reduction, lowers energy consumption and improves energy utilization efficiency. It has been awarded the titles of "National Green Factory" and "Zhejiang Province Water-Saving Enterprise". From increasing the proportion of green products, using more renewable energy, to comprehensively implementing green office practices, the Company has integrated the concept of green development into every aspect of daily operations, making low-carbon development a common code of conduct for all employees.

Put People First and Support Employee Development

The Company upholds the core values of "strive for excellence and innovation" and always attaches great importance to employees' sense of gain and happiness. It provides a competitive compensation system and implements equity and option incentives, effectively attracting and retaining core talents and outstanding professionals. Through regular employee training programs, the Company helps employees to grow and achieve their career development goals. The Company has established a comprehensive welfare and security system covering employees' daily necessities, housing, transportation and recreational activities, and carefully cares for the well-being of all employees and overseas-based staff, enabling all employees to share the fruits of the company's development. At the same time, the Company actively fulfills its social responsibilities, integrates corporate development with addressing social employment issues, and extensively recruits university graduates, with a total of 88 campus recruits in 2025. Along with the company's global development, we have built an inclusive and diverse corporate culture and practiced the corporate spirit of "Happy Creating, Happy Living, Happy Singing".

Charitable and Public Welfare Activities: Practice Business for Good

The Company has deeply integrated charitable and public welfare activities into its corporate development strategy and actively practices business for good. It has successively established scholarships and teaching awards at multiple universities and colleges, and continuously carried out paired student assistance programs to support the development of education. Actively responding to the national call for comprehensively advancing rural revitalization, the Company has adopted various measures to support rural development. The video channel "Loctek Chairman Shaw Speaks" continuously shares business insights and management cases, providing experience and references for cross-border e-commerce practitioners and entrepreneurs. In the process of participating in the Belt and Road Initiative and expanding overseas, the Company actively fulfills its overseas social responsibilities, respects local cultures, integrates into local communities, creates economic and social value for local areas, and promotes common development of all parties.

Faced with the complex and volatile external environment, Loctek has always integrated ESG concepts into its corporate strategy and daily operations. Adhering to innovation as the driving force and green development as the foundation, the Company balances economic benefits, environmental responsibilities and social responsibilities, and strives to achieve coordinated progress between corporate development and social value. Looking ahead, we will continue to deepen our commitment to sustainable development, actively carry out industry exchanges and cooperation, and work with all parties to promote the steady progress of the industry. We will always adhere to the customer-first philosophy and create value for customers with high-quality products and services. Amid the tide of the times, we will move forward steadily step by step, closely focus on high-quality development, take solid actions to advance sustainable development, and create a better future through hard work.

About Us

- Company Profile
- Corporate Culture
- Development History
- 2025 Milestones



Company Profile

Founded in 2002 and headquartered in Ningbo, Zhejiang Province, Loctek has grown into a dual-engine enterprise, driven by both Smart Home and Cross-border third-party logistics. Today, the Company stands as an innovation-driven, platform-based benchmark in China's cross-border e-commerce sector.

On December 1, 2017, Loctek was listed on the SZSE ChiNext Market (stock code: 300729), becoming the first A-share listed company in the ergonomic wellness industry and the first cross-border e-commerce company to go public through an IPO in China.

Loctek is deeply rooted in the ergonomic wellness space. Centered on its core expertise in intelligent lifting technology, the Company continues to expand innovative applications across smart office and smart home environments. Our main product lines include standing desks, ergonomic chairs, sit-stand desk converters, motion sofas, and smart electric beds. Loctek's products are now available in 75 countries and regions around the world.

As of the end of 2025, the Company has deployed 20 public overseas warehouses globally with a total warehouse area of 672,300 square meters. It provides innovative one-stop full-process cross-border logistics services for foreign trade enterprises, including first-leg ocean shipping, one-piece fulfillment, FBA transshipment, overseas warehousing, after-sales management and independent website distribution. The Company has cumulatively served more than 2,000 enterprises, supporting Chinese brands in going global.

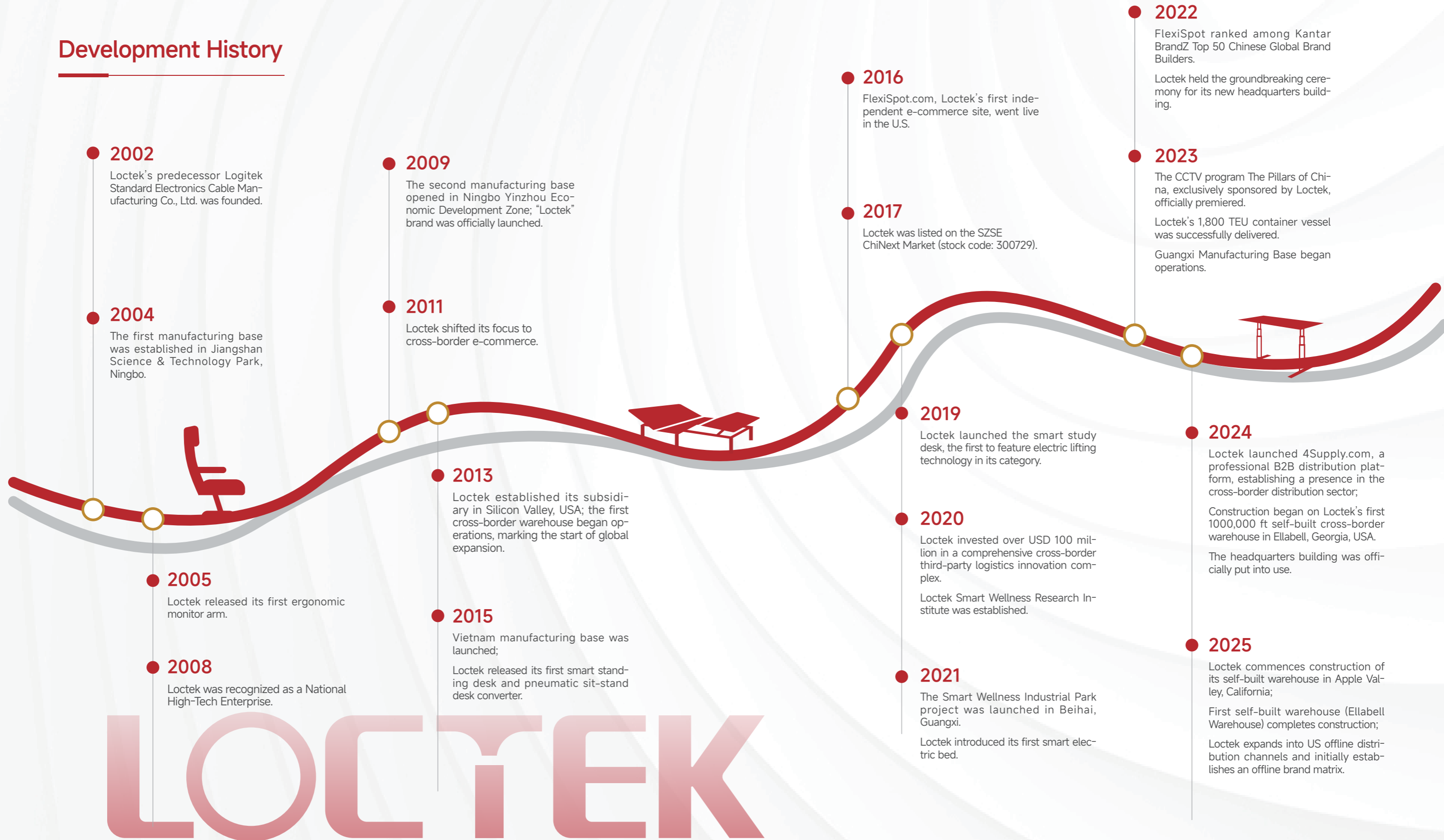
Loctek has always kept corporate social responsibility firmly in mind, adhering to legal operation, integrity-based business and tax payment in accordance with the law. Over the years, guided by the charitable philosophy of "never forgetting its roots and contributing to its hometown", it has made continuous contributions to charitable causes. Since 2006, Loctek has established scholarships at Ningbo University, University of Nottingham Ningbo China and other educational institutions, benefiting more than 2,500 teachers and students cumulatively. In 2022, the Loctek Leshan Charitable Fund increased its capital to RMB 40 million, contributing Loctek's strength to supporting education, helping the needy, caring for the elderly and assisting people with disabilities!

Loctek advocates the corporate spirit of "Happy Creating, Happy Living, Happy Singing", actively practices the concept of common prosperity, and enables all employees to share the fruits of the company's development.

Corporate Culture



Development History



LOCTEK

2025 Milestones

January

R&D Frontloading and New Channel Development

- Guangxi R&D Branch Center officially established to strengthen regional R&D collaboration;
- Lecangs successfully integrated with the TikTok Shop platform to develop new traffic channels for social e-commerce.

February

Business Model Gains Recognition and Core Strengths Earn Accolades

- 4Supply B2B distribution platform featured in a report by Zhejiang Satellite TV's Xinwen Lianbo;
- The Company won the Yinzhou District "Dali Ding Award" for the third consecutive year, with its comprehensive strength once again affirmed by the local government.

March

Expand into New Territories and Deepen Cooperation

- The international marketing team conducted in-depth market research and expansion across global markets; organized 33 batches of customer visits, reaching nearly 400 customers;
- The Company held the annual VIP customer appreciation banquet for cross-border third-party logistics business to consolidate core partnership relationships.



April

Lead the Industry and Gain Strength Recognition

- The Company successfully hosted the Loctek Cross-Border E-Commerce Summit and released industry insights;
- Lecangs was ranked among the "Top 10 Benchmark Enterprises" on the Xiaosheng Ranking, and its industry-leading position has been widely recognized.



May

Intelligent Manufacturing Advances and Brand Shines Brightly

- The Company was awarded the title of "National 5G Factory", marking a new height in its intelligent manufacturing capabilities;
- FlexiSpot Lotus Sofa won the MUSE Design Awards Gold Award (USA), affirming its design innovation capabilities with this top international accolade.



June

Gather Marketing Strength and Gain Talent Recognition

- Launched integrated online and offline marketing campaigns around the "618 Shopping Festival" to consolidate market leadership;
- The Company was selected for Ningbo City's "Talent Gazelle Enterprise" list, with its innovation and talent growth potential recognized.

July

Expand Network and Extend Services

- Lecangs officially launched the European first-leg LCL service, further enhancing its global cross-border logistics solutions.



August

Deepen Brand Building and Localize Operations

- FlexiSpot launched a one-year tram advertising campaign in key German cities including Munich and Hamburg, continuously deepening its local brand building in Europe.



September

Industry-Academia Integration, Empower Innovation

- The Company advanced joint recruitment of postdoctoral researchers with multiple universities, and successfully held the inaugural Loctek-University of Nottingham Innovation Design Competition, connecting cutting-edge academic achievements with industrial innovation resources.



October

Innovative Design, System Empowerment

- New overseas products won Gold and Bronze Awards in the American Good Design Awards.
- The intelligent warehouse allocation system for cross-border third-party logistics was launched, optimizing the global supply chain.



November

Defend Domestic Leading Position, Expand Global Influence

- The Company maintained its No. 1 online sales ranking in the category during the Double 11 shopping festival.
- By partnering with the largest local tech forum in the Netherlands, the brand achieved high-efficiency exposure and business conversion.

December

Channel Expansion & Infrastructure Completion

- The annual output value of the Vietnam manufacturing base exceeded RMB 500 million;
- The first self-built overseas warehouse, Ellabell Warehouse (Georgia No.1 Logistics Park), has been completed.



Overview of 2025 Outstanding Achievements

- 2025 Honor Highlights Gallery
- Key Performance



2025 Honor Highlights Gallery

Government Honors

- Zhejiang Provincial Third Batch Eagle Enterprise
- 2025 Zhejiang Private Economy Headquarters Leading Enterprise
- 2025 Zhejiang Service Industry Leading Enterprise
- 2025 Zhejiang Provincial First Set of Major Technical Equipment
- Zhejiang Digital Culture Gradient Cultivation Enterprise
- 2025 Zhejiang Private Multinational Enterprise "Pioneer Enterprise"
- "Contract-Abiding and Credit-Reliable" Enterprise
- Ningbo Key Open Source Project Cultivation Database
- Ningbo Outstanding Enterprise for Safe Development
- Listed on Ningbo "Talent Gazelle Enterprise" Ranking

Government Rankings & Listings

- 9th** Top 10 Private Enterprises in Cross-border Operation, Ningbo
- 16th** Top 100 Growth Enterprises, Zhejiang Province
- 19th** Top 100 Competitive Enterprises, Ningbo
- 21th** Top 50 Enterprises in R&D Investment, Ningbo
- 27th** "Pioneer Enterprise" of Zhejiang Private Multinational Enterprises
- 48th** Top 100 Manufacturing Enterprises, Ningbo
- 86th** Top 100 Comprehensive Enterprises, Ningbo

Scientific and Technological Innovation Honors

- Second Prize of Ningbo Municipal Science and Technology Progress Award
- 2025 Batch 2 Guangxi "AI + Manufacturing" Certified Products
- 2025 Advanced-level Smart Factory
- 2025 Zhejiang Provincial First Set of Equipment — E5 Posture-Sensing Intelligent Lifting Healthy Office Equipment (Consumer Goods Equipment)

Lecangs · Qualifications & Honors

Qualifications

- Provincial Public Overseas Warehouse (2021-2024)
- Designated connected warehouse of TikTok Shop

Honors

- Top 10 Benchmark Overseas Warehouse Enterprises, Xiaosheng Ranking 2025
- Leading Enterprise Going Global in China Cross-border E-commerce Logistics 2025
- Top 10 Overseas Warehouse Enterprises in China Cross-border E-commerce Logistics 2025
- Ecological Partner of the Year 2025, Xiamen Cross-border E-commerce Association

Overseas Brand Honors

United States

- The Lotus Sofa won the Gold Award at the 2025 MUSE Design Awards.
- The BF60 Japanese Mortise-and-Tenon Bed won the Gold Award of the 2025 American Good Design Awards.
- The C7Max Ergonomic Chair won the Bronze Award of the 2025 American Good Design Awards.
- The Sheer Ergonomic Chair won the Silver Award at the 2025 New York Product Design Awards.
- The C7 Morpher Ergonomic Chair won the Gold Award of the 2025 International Design Awards (IDA).
- The E7Plus Max Height-Adjustable Desk received the Honorable Mention of the 2025 International Design Awards (IDA).

Germany

- Honored with the 2025 German Brand Award.
- Received the 2025 IGR Ergonomics Innovation Award.
- Won the 2025 German Service Award (Ergonomic Solutions Category).
- Awarded the German Design Award 2026.
- Received the Computer Bild Trend Store of the Year 2026.
- Obtained the Climate Protection Partner Certificate.
- The E9 Height-Adjustable Desk was nominated for the 2025 German Innovation Award.
- The E7 Plus Height-Adjustable Desk obtained IGR Ergonomics Certification.
- The C7Air Pro Ergonomic Chair passed the evaluation and certification by Germany's CHIP Magazine.

United Kingdom

- Honored with the 2025 UK Business Awards.
- Granted Indy/Best Recommended of the Year certification by The Independent UK (2025).

Japan

- The E7H Height-Adjustable Desk was named Best Buy Height-Adjustable Desk of the Year by Japan's Home Appliance Review Magazine.
- The E7H Height-Adjustable Desk was selected as March Star Recommended Product by Japan's Poco'ce Magazine.
- The E7H Height-Adjustable Desk was recommended as May's Featured Product by Japan's PC Watch media.

Key Performance



Economic Performance

Operating revenue RMB 6.715 billion	Total assets RMB 10.25 billion
Total profit RMB 0.314 billion	Net profit attributable to shareholders of the parent company RMB 0.259 billion



Governance Performance

Number of shareholders' meetings convened 2	Number of meetings of the Board of Directors convened 13
---	--



Social Performance

R&D investments RMB 213.1734 million	Investment as Percentage of Operating Revenue 3.17%	Number of R&D personnel 964
R&D personnel as a percentage of total workforce 24.26%	Total number of patents granted 1,269	Total number of trademarks 922
Total number of employees 3,974	Tax payment RMB 156.8799 million	Total charitable donations RMB 2.118 million



Environmental Performance

Environmental protection investments RMB 2.2987 million	Total energy consumption 8,081.76 tce	Energy consumption intensity 1.20 tce/RMB million (revenue)
Total direct energy consumption 4,216.28 tce	Including: natural gas consumption 2.7189 million Nm ³	
Total diesel consumption 11.86 tons	Total liquefied petroleum gas consumption 340 tons	Total indirect energy consumption 3,865.48 tce
Total purchased electricity 20,151,771 kWh	Green power purchase 9,655,213 kWh	Photovoltaic power generation 1,645,285 kWh
Total water consumption 253,677 tons	Total waste gas emissions 65,235.13 tons	Total wastewater discharges 84,561 tons
Non-hazardous waste discharged 2,154.04 tons	Hazardous waste discharged 229.55 tons	Total GHG emissions (Scope 1 + 2) 17,612.91 tCO ₂ e
GHG emissions intensity (Scope 1 + 2) 2.62 tCO ₂ e/ RMB million (revenue)		Direct GHG emissions (Scope 1) 6,920.38 tCO ₂ e
Indirect GHG emissions (Scope 2) 10,692.53 tCO ₂ e		Reduced carbon emissions 9,277.71 tCO ₂ e

Sustainability Governance

Company Actions

- Sustainability Governance Framework
- Sustainability Strategy
- Management of Sustainability-related Risks and Opportunities
- Sustainability Metrics and Targets
- Stakeholder Engagement
- Materiality Assessment



Sustainability Governance Framework

To effectively advance sustainable development initiatives, the Company has established a robust ESG management framework and institutional system, and built a sound sustainable development governance structure. In the course of strategy implementation, risk management and major decision-making, the Company fully takes into account ESG-related impacts, risks and opportunities. The Company has formulated a scientific ESG indicator system covering, but not limited to, carbon emissions, technological innovation and employee rights and interests. It also links ESG performance to management personnel's performance appraisal, ensuring the effective execution of all relevant strategies and measures.


Hierarchy	Personnel Composition	Scope of Responsibilities
Decision-making	Members of the Board of Directors	To understand, analyze and keep abreast of domestic and international industry dynamics as well as policies related to sustainable development, and grasp the overall operation and management of the Company; to oversee the assessment of the Company's sustainable development-related impacts, risks and opportunities; to guide and review the Company's sustainable development policies, strategies and goals; to regularly monitor the progress and completion of sustainable development targets; to approve the issuance of the Company's Sustainable Development Report; to supervise and inspect the implementation of sustainable development work, and provide guidance in a timely manner.
Management	Senior management and department heads with professional knowledge of sustainable development	To manage material ESG issues, provide professional analysis and recommendations, and support the Board in fulfilling its supervisory duties; to coordinate the identification, mitigation and monitoring of sustainable development-related impacts, risks and opportunities, rationally allocate relevant costs and resources, formulate work plans for sustainable development, and optimize the incentive and performance assessment systems for sustainable development.
Execution	Members of the ESG Implementation Team and relevant work principals	To formulate stakeholder engagement plans and organize stakeholder communication activities; to coordinate the compilation of the Sustainable Development Report; to build the Company's capabilities in sustainable development management, data statistics and analysis, as well as communication with investors and research institutions; to improve supporting management systems for sustainable development and implement relevant work plans; to regularly report work progress and outcomes to management.

ESG Advocacy & Training

The Company regularly invites professionals to conduct ESG-related training, practices ESG philosophies with tangible actions, and promotes the sustainable development of the enterprise. During the reporting period, the Company invited professional institutions twice to interpret ESG policies and industry best practices. It also participated twice in training courses and ESG rule seminars themed ESG and Sustainable Development, which were organized by regulatory authorities, industry associations and social organizations.

📁 Case / ESG Training Boosts the Company's ESG Implementation Progress

In December, the Company specially invited a professional institution to deliver a special ESG awareness and training session for management staff across all departments. The training covered the significance of ESG initiatives, interpretation of the latest relevant policies, sharing of industry best practices, as well as the division of responsibilities and specific arrangements for internal ESG work. The session aims to ensure the smooth progress of ESG data collection, ESG report compilation and other related tasks.




Special ESG Training

ESG Rating Performance and Honor Recognition


Through systematic and efficient sustainable development management, Loctek has achieved substantial progress in its environmental, social and governance performance. During the reporting period, the Company recorded a notable improvement in all ESG-related ratings.

Sustainable Development-related Ratings:			
Rating Category	2023 Rating Result	2024 Rating Result	2025 Rating Result
Wind ESG Rating	A	A	AA
Yidong ESG+8	AA	AA	AA
Huazheng ESG Rating	A	A	A


Sustainable Development Honors:



2025 China's Top 100 Listed Companies in ESG Best Practices (Small and Mid-Cap) - AA Rating



China Securities Journal ESG Golden Bull Award - Top 100



Value Online 2025 Best ESG Practice Award for Listed Companies

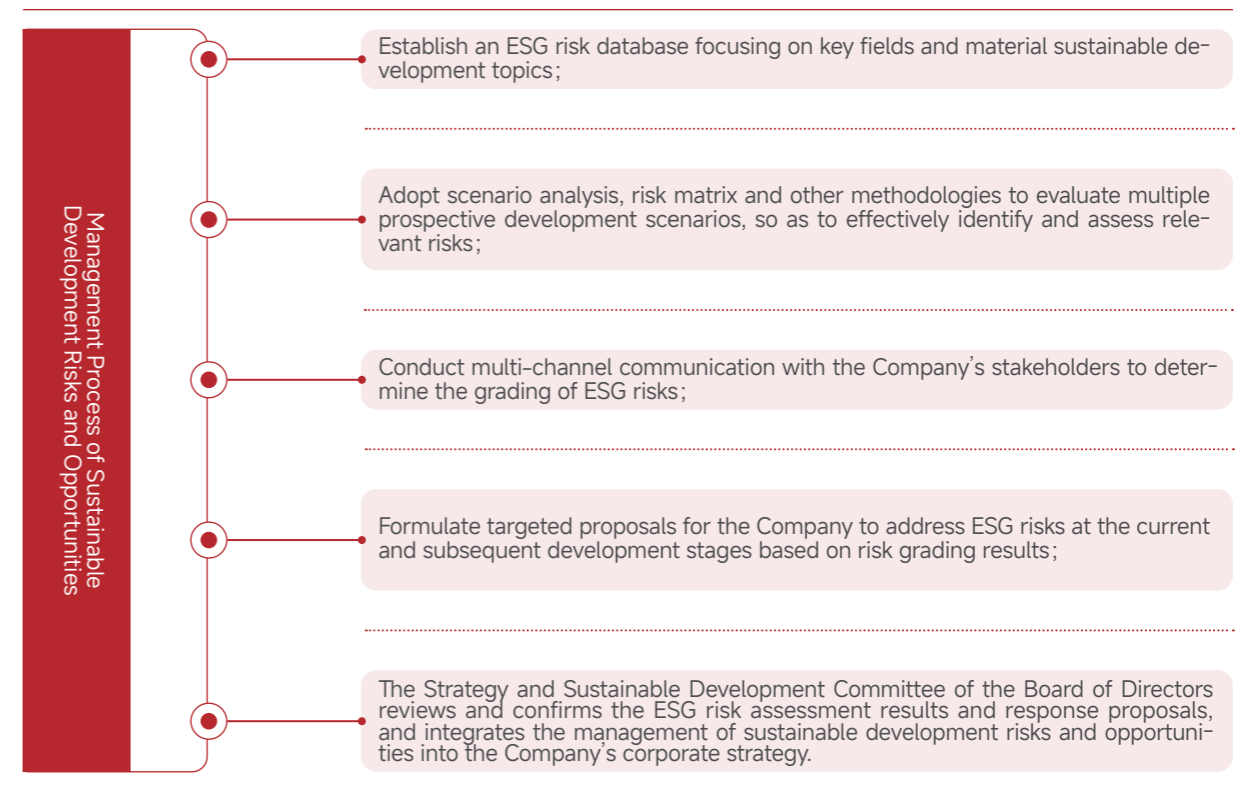
Sustainability Strategy

The Company has defined development goals guided by ESG principles. It comprehensively sorted out business processes from the three dimensions of corporate governance, environment and society, conducted in-depth analysis of potential risks, and integrated the concept of sustainable development into strategic decision-making and daily operations. On this basis, rooted in its corporate social responsibility philosophy, the Company builds a distinctive and future-oriented sustainable development system by comprehensively evaluating its economic, environmental and social impacts, providing clear direction and guidance for its long-term sustainable growth.

Dimension	Topic	Key Risks / Opportunities	Corresponding Chapter of Countermeasures
Governance	Compliance and Risk Control	Compliance management risks; Operational opportunities and market opportunities.	Integrity & Compliance for Sustainable Governance
Environment	Environmental Protection	Policy and legal risks, qualified emission risks; Opportunities from integration of intelligence and green technologies.	Improving Environmental Management
	Climate Change	Physical risks, transition risks; Opportunities for technology and material innovation.	Addressing Climate Change Climate Action
	Resource Utilization	Physical risks, policy risks, technical risks; Opportunities for technological progress and resource efficiency.	Reducing Resource Consumption
	Product Quality Control	Legal risks, market risks, equipment and process risks; Market opportunities and technological opportunities.	Product Quality Assurance Premium Services
Social	Sustainable Supply Chain	Price fluctuation risks, supply chain disruption risks; Opportunities for diversified supply and supply chain digital transformation.	Sustainable Supply Chain
	Occupational Health and Safety	Legal risks, operational risks; Management efficiency opportunities.	Safeguarding Health and Safety
	Employee Rights and Interests Protection	Legal risks, operational risks; Management efficiency opportunities.	People-oriented Approach for All-round Employee Development

Management of Sustainability-related Risks and Opportunities

The Company integrates the ESG philosophy into its risk management and decision-making system, and optimizes the Procedures for Identification, Assessment and Control of Operational Risks. It comprehensively identifies, assesses and analyzes internal and external factors covering climate change, supply chain management, innovation and R&D, product quality, employee rights and interests and other aspects. Targeted risk prevention and control measures for sustainable development are formulated accordingly to drive the stable development of the Company.



Sustainability Metrics and Targets








The Company attaches great importance to long-term sustainable development and actively responds to the national strategy of Healthy China 2030. It integrates the Environmental, Social and Governance (ESG) system centered on environmental protection and social responsibility into its corporate development strategy. The Company continuously improves its ESG strategy framework and sets specific targets at all levels, ensuring full alignment with the United Nations 2030 Sustainable Development Goals (SDGs). Meanwhile, the Company optimizes the ESG management system, reduces environmental impacts, boosts the research and development of high-quality products, protects employees' rights and interests, cultivates outstanding talents, and contributes to the harmonious development of society.

Strategic Pillar	Targets & Commitments	United Nations Sustainable Development Goals (SDGs)	Company Actions in 2025
Corporate Governance	<ul style="list-style-type: none"> Strengthen board independence and diversity to enhance governance structure; Improve mechanisms for protecting shareholder rights and ensure transparent information disclosure; Formulate, maintain and update the Articles of Association, management systems, rules of procedure and operational guidelines; Optimize ethical business practices, with a focus on cultivating employee awareness of business ethics. 		<ul style="list-style-type: none"> Continuously improve various rules and regulations, further advance the development of the compliance system, and enhance corporate governance standards; Constantly optimize the internal supervision system and disclose relevant information to the public via high-quality information disclosure; Conduct regular anti-corruption training to strengthen employees' anti-corruption awareness.
Green development	<ul style="list-style-type: none"> Proactively reduce carbon emissions, deploy energy-saving equipment, and support the achievement of the national goals of carbon peaking and carbon neutrality; Improve energy utilization efficiency, raise the proportion of clean energy use, and conserve water resources; Strictly control waste discharge and steadily reduce pollutant emissions. 		<ul style="list-style-type: none"> During the reporting period, the total greenhouse gas emissions amounted to 17,612.91 tonnes of CO₂ equivalent, and the reduced volume of greenhouse gas emissions reached 9,277.71 tonnes of CO₂ equivalent; The consumption of renewable energy stood at 1,388.83 tonnes of standard coal equivalent; Cut down pollutant emissions and alleviate environmental pollution.

Strategic Pillar	Targets & Commitments	United Nations Sustainable Development Goals (SDGs)	Company Actions in 2025
Customer Satisfaction	<ul style="list-style-type: none"> Promote innovation and R&D for green, sustainable products; Implement incentive mechanisms for R&D projects, product innovation, patents, and talent development; Enhance customer service systems to deliver a high-quality, responsive experience; Ensure zero incidents of customer data breaches; Improve the supply chain management system by incorporating supplier ESG risks as a part of risk identification, prevention, and control; collaboration for long-term, sustainable development. 		<ul style="list-style-type: none"> The total R&D investment amounted to RMB 213.1734 million; Strengthen the construction of professional teams and tackle a number of technical bottlenecks in the industry; Exercise strict control over production processes to improve product quality; Continuously optimize service workflows and provide high-quality products, with the customer satisfaction rate reaching 95%; Maintain zero leakage of customer privacy and strictly protect information security; Conduct in-depth supplier risk assessment, select high-quality partners, and establish long-term cooperation relations. Multiple measures are implemented to consolidate the supply chain security defense line and ensure stable supply; During the reporting period, the Company participated in the drafting of a number of national and industrial standards.
Social Responsibility	<ul style="list-style-type: none"> Ensure equal opportunities in recruitment, promotion and career development; create a diverse, flexible and inclusive workplace that supports employee growth; Establish a safe and healthy workplace, target zero workplace accidents, promote employee well-being, and strive for 100% employee satisfaction; Actively support the national "shared prosperity" goal, uphold a philosophy of gratitude and giving back, and commit to public welfare through sustained philanthropic initiatives. 		<ul style="list-style-type: none"> Ensure open and transparent recruitment, improve the career development system, and empower employees' personal growth; Optimize the work safety management system, build a safe working environment, and protect employees at work; Improve the employee welfare system, raise employee satisfaction, and enhance team cohesion; Engage in public welfare and provide financial support for impoverished students; Carry out consumption assistance initiatives to inject vitality into rural revitalization; Participate in the Belt and Road Initiative and provide stable employment opportunities.

Stakeholder Engagement

The Company is committed to establishing a robust and diversified stakeholder communication framework. By accurately identifying and responding to the ESG concerns of key stakeholder groups—including shareholders and investors, customers, employees, suppliers, communities, government and regulatory authorities, media, and professional organizations—the Company continuously evaluates both risks and opportunities to refine and strengthen its ESG strategy.

Stakeholder Group	 Shareholders & Investors	 Government & Regulatory Agencies	 Customers	 Employees	 Suppliers & Partners	 Communities, Public and Media	 Professional Organizations
Expectations and Concerns	<ul style="list-style-type: none"> • Sound compliance • Operational risk management • Information disclosure and transparency • Sustainable returns on investment 	<ul style="list-style-type: none"> • Drive common prosperity • Compliance with laws and regulations • Tax compliance • Risk and compliance management • Regional economic development • Environmental protection 	<ul style="list-style-type: none"> • Product and service quality • Product safety and reliability • Product R&D and innovation • Enhance product cost-effectiveness • Information security and privacy protection • Intellectual property protection 	<ul style="list-style-type: none"> • Protection of labor rights and interests • Employee care • Remuneration and benefits • Employee growth and training • Occupational health and safety 	<ul style="list-style-type: none"> • Expand cooperation channels • Fair and impartial procurement • Win-win collaboration • Regulatory and ethical compliance • Supply chain sustainability 	<ul style="list-style-type: none"> • Economic performance • Public welfare and charity • Responsible and compliant operations • Dedicate to education support • Promotion of social development • Green and low-Carbon protection 	<ul style="list-style-type: none"> • Technological innovation • Industry advancement and development
Communication Channels	<ul style="list-style-type: none"> • Shareholders' meetings • Periodic reports • Earnings briefings • Ongoing investor engagement • Information disclosure • Investor support lines 	<ul style="list-style-type: none"> • Participate in industry policy formulation • Policy briefings and updates • Meetings and exchanges • Policy advisory engagement • On-site inspections and visits 	<ul style="list-style-type: none"> • Client visit • Customer satisfaction surveys • Customer service platforms 	<ul style="list-style-type: none"> • Employee representative assemblies • Employee satisfaction surveys • Performance evaluation and feedback mechanisms • Employee activities • Employees interviews • Training programs and employee handbook 	<ul style="list-style-type: none"> • Contract execution • Supplier conferences • Supplier visits • Supplier management and training 	<ul style="list-style-type: none"> • Company website • Media interviews and press releases • Charitable events • Reception and tour • Green production and operation 	<ul style="list-style-type: none"> • Industry forums • Trade fairs and exhibitions • Sector-specific conferences and dialogues

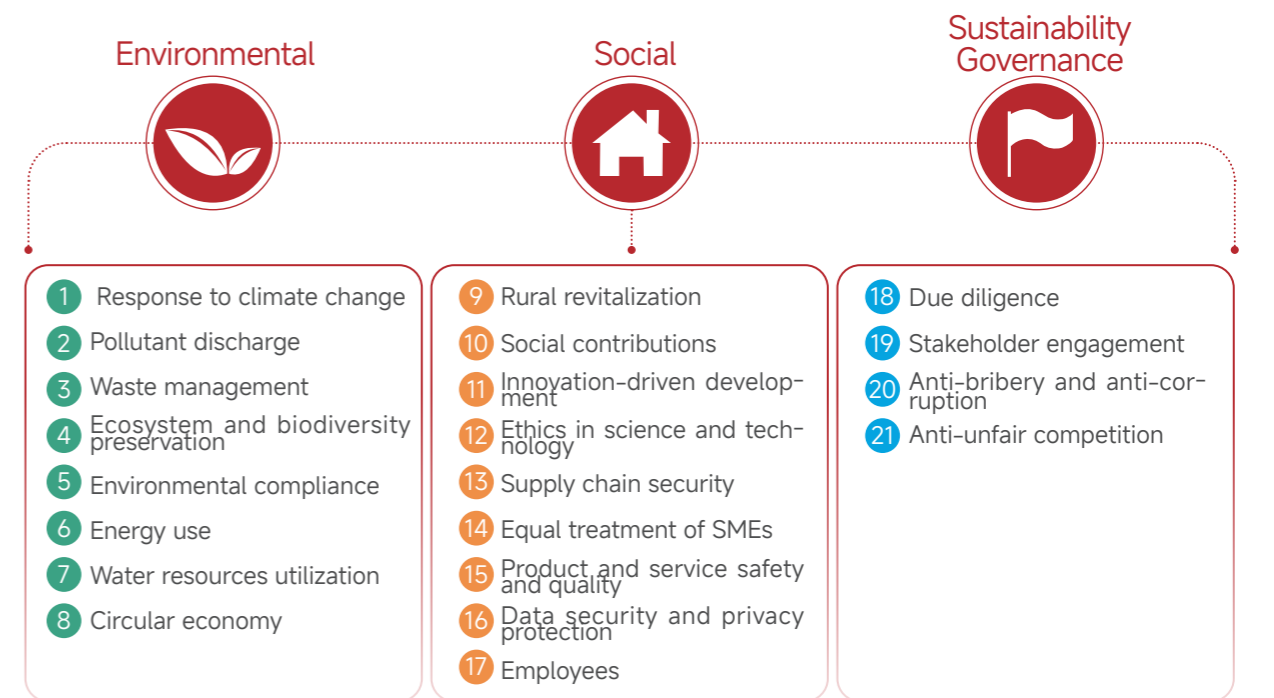
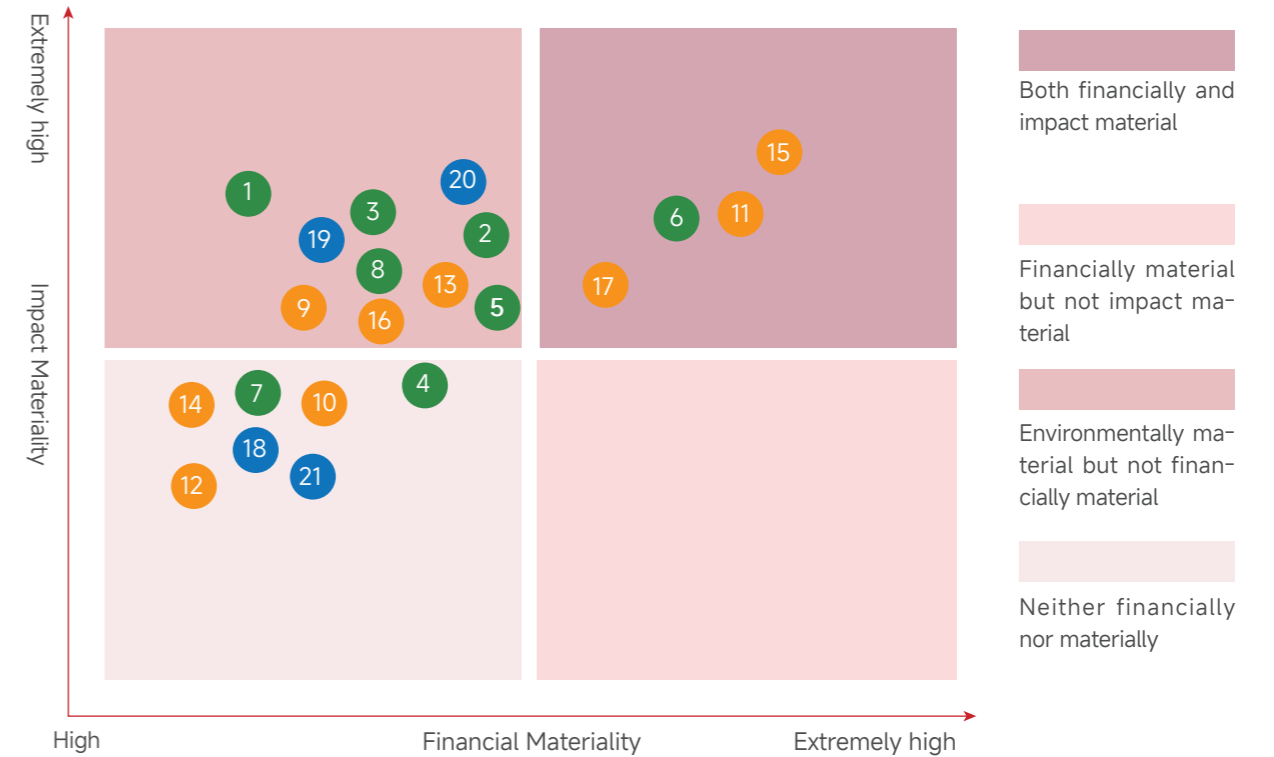
Materiality Assessment

In alignment with *Guidelines No. 17 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* and international standards such as *GRI 3: Material Topics*, the Company follows the principles of materiality, completeness, and balance to identify and prioritize ESG topics. This process incorporates both impact materiality and financial materiality, supporting the development of a focused ESG strategy that reflects the Company's most significant sustainability risks and opportunities. The following table presents the specific steps of assessment:



Materiality Assessment Results

Conduct analysis of material topics based on "impact materiality" and "financial materiality", and produce the materiality matrix.



Note: 1. "Irrelevant" refers to topics that are neither financially material nor impact material; 2. "Double materiality" refers to topics that are both financially and impact material; 3. The exchange guidelines specify that "Ecosystem and Biodiversity Protection" is only applicable to specific entities. This topic is currently not relevant to the Company.

Special Topic: ESG Practices of Lecangs

Lecangs deeply embed the ESG philosophy into daily operations. Focusing on the goal of full-chain green operation in the logistics and warehousing industry, we take five dimensions, including planning & design, facilities & equipment, operation management, transportation & distribution, and resource recycling. We drive green logistics through technological innovation, boost cross-border trade with ecological co-prosperity, and solidify the foundation of development via compliant governance. We keep cutting operational energy consumption, accelerate the efficient and green transformation of cross-border logistics, and forge a sustainable development path that balances economic benefits and social value.

Environmental (E): Technology Empowers Carbon Reduction to Build an Efficient & Green Logistics System

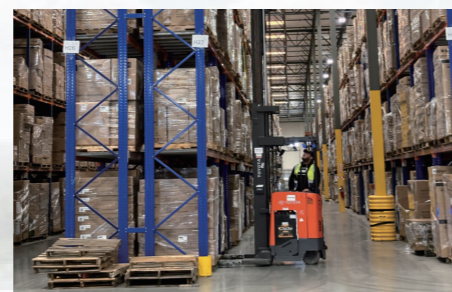
Scientific Planning and Design to Consolidate the Foundation of Low-carbon Operations

Adhering to the green development philosophy, Lecangs reduce transportation distance through scientific site selection and rational layout. Meanwhile, we integrate full-link resources covering first-mile transportation, warehousing and last-mile delivery, and optimize logistics routes with the support of information and automation technologies.

Overseas Warehouses are Generally Located at: market transportation hubs and port-adjacent areas, which greatly shortens the distance of first-mile transportation and last-mile delivery. This fundamentally cuts down energy consumption and carbon emissions in transportation links.

At the end of 2025, Loctek's first self-built overseas warehouse (Ellabell Warehouse) was completed. Covering an area of approximately 1 million square feet, the warehouse is only a half-hour drive from the Port of Savannah, significantly shortening the container haulage distance.

Scientific Planning of In-Warehouse Areas: On the premise of ensuring operational efficiency and strictly controlling safety risks, Lecangs effectively vitalize and optimize storage space through scientific planning of warehouse layout. We adopt zoned storage based on cargo turnover frequency and install high-bay racks, which significantly boosts warehouse capacity without increasing the original warehouse area. Narrow-aisle racks are optimally deployed for the handling of medium and large-sized goods, working in coordination with side-loader forklifts. This improves space utilization and operational accuracy, reduces operational blind spots, and lowers the risk of equipment collision.



Narrow-aisle side-loader forklift operating inside the warehouse

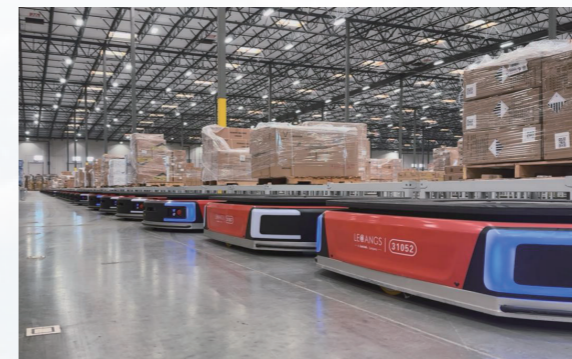
Reduce Equipment Energy Consumption and Improve Operational Efficiency

Full Adoption of Electric Forklifts to Cut Greenhouse Gas Emissions: Traditional fuel-powered forklifts emit large amounts of exhaust gas and generate loud noise during operation, exerting adverse impacts on the warehousing environment and employees' health. Since 2023, Lecangs have gradually replaced traditional fuel forklifts with AGVs and electric forklifts. At present, fuel forklifts have been basically phased out across all Lecangs worldwide. More than 500 electric forklifts have substantially reduced air pollution inside warehouses, cutting carbon dioxide emissions by hundreds of tonnes annually.

Independently Develop Intelligent Warehousing Equipment to Boost Operational Efficiency: Led by professors and doctors, Lecangs automation R&D team integrates internal research resources and external equipment supplier resources. It has independently developed medium and large-sized goods-to-person picking AGV robots, robotic arm depalletizing/palletizing and labeling assembly lines, as well as mobile DWS systems for medium and large cargoes. These devices have been put into actual warehousing operation, effectively improving work efficiency while lowering energy consumption and cargo damage rates.

Medium & Large Cargo Goods-to-Person Picking AGV Robot

Specially engineered for bulky and heavy products, the robot features a higher load-bearing capacity and is well adapted to the inbound and outbound workflows of Lecangs. It greatly cuts the walking distance of picking staff, improves picking efficiency and accuracy, and elevates the overall operational efficiency of the entire logistics system.



Goods-to-Person Picking AGV Robot for Medium and Large Cargo

Robotic Arm Depalletizing, Palletizing and Labeling Assembly Line

To address the pain points of high labor demand and low efficiency in labeling ultra-thin goods, this assembly line realizes automatic depalletizing, labeling, checking and palletizing. It improves the efficiency and standardization of labeling operations and has been granted a utility model patent.



Robotic Arm Depalletizing, Palletizing and Labeling Assembly Line

Mobile DWS System for Medium and Large Cargo

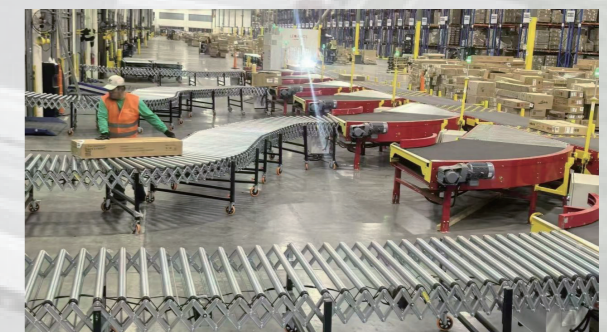
To solve the pain points of difficult movement and inconvenient information collection for medium and large cargoes, the system adopts visual recognition technology to realize integrated dimensioning, weighing and scanning. The collected data can be transmitted to data systems such as ERP and WMS, cutting staffing demand by 6 personnel per production line.



Automated Equipment - DWS System

Automatic Sorting Line

Against the backdrop of insufficient sorting capacity for large-sized cargo at downstream hubs, the system adopts visual recognition technology and flexible conveyor line technology to realize automatic sorting of extra-long and over-weight large goods. It completes outbound verification and sorting operations, and improves warehouse fulfillment efficiency. The maximum daily order processing capacity exceeds 150,000 pieces, with a sorting accuracy rate of 99.9%.



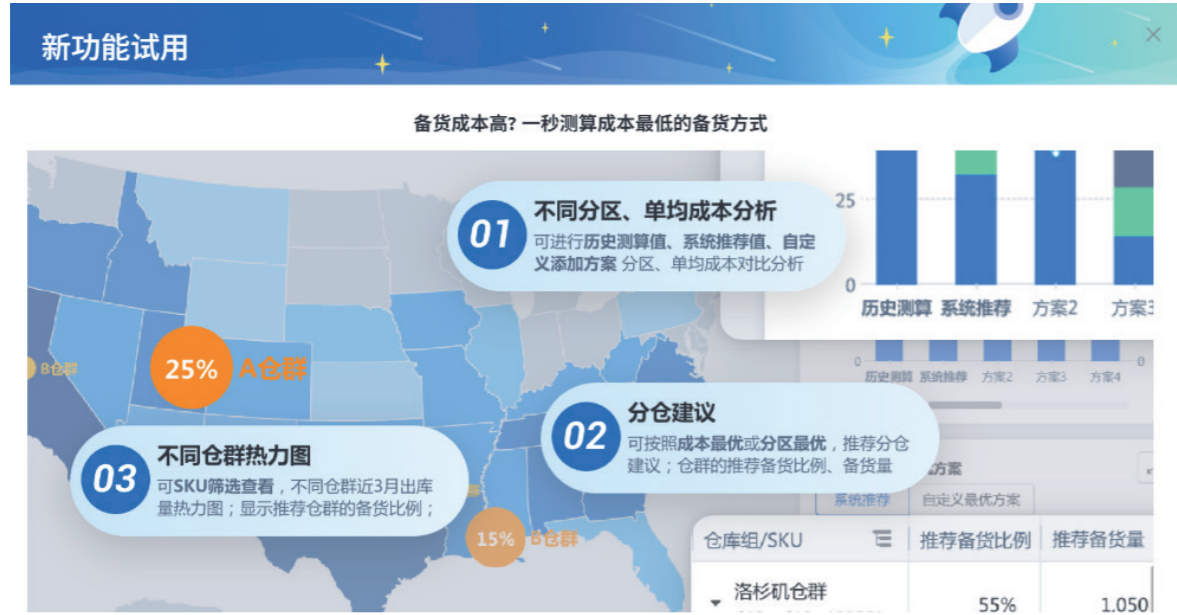
Automatic Sorting Line

Optimize Operations and Realize Energy Conservation via Management

Independently Developed Smart Logistics Informatization Platform: Loctek has an in-house IT team of nearly 300 members that independently develops the overseas warehouse system. The system is capable of intelligent information analysis, data transparency, resource integration and customized system configuration. It comprises the Order Management System (OMS), Overseas Warehouse Management System (WMS), Transportation Management System (TMS) and Billing & Settlement Management System (BMS), providing robust support for order surges during peak business seasons. The self-developed TMS realizes visualized logistics, optimized connection of end delivery and trucking delivery services. The BMS supports automatic financial settlement. The system can also track the real-time location of parcels transported and delivered by logistics providers including FedEx, UPS and DHL, enabling real-time monitoring and improved refined management.

Industry-leading digital twin technology has also been deployed in the warehousing system. Boasting high availability, high concurrency and a stable system architecture, the information system of Lecangs underpins future business expansion, customer service upgrade and growing order throughput.

In 2025, Lecangs's Smart Global Logistics & Supply Chain Management System launched the warehouse allocation recommendation function, helping sellers cut comprehensive logistics costs through rational warehouse network layout. Sellers only need to input product dimensions, and the system can automatically calculate the combined cost of first-mile and last-mile logistics, delivering the optimal inventory stocking solution driven by big data computing.



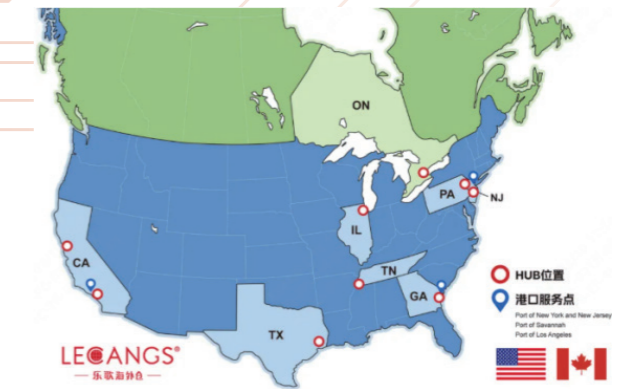
Warehouse Allocation Recommendation of Lecangs

Expand Logistics Links: Lecangs integrates full-chain resources of first-mile transportation, warehousing and last-mile delivery, and optimizes logistics routes with information and automation technologies. We adopt an all-inclusive flat-rate model for sea freight and trucking services, and conduct in-depth cooperation with shipping lines to offer competitive ocean freight prices. We have launched a premium consolidated shipping line, which boasts three major strengths: stable vessel schedules, fast transit time and cost savings. The voyage from Ningbo Port to Los Angeles Port only takes around 13 days with no container rolling. Combined with Loctek's professional full-link services, goods can be fully stocked on warehouse shelves in approximately 18 days.

Self-operated Trucking Services: Centering on port container drayage and LTL consolidation, Loctek's in-house fleet significantly cuts the empty running rate of trucks and fuel consumption. It helps customers build a closed-loop cross-border logistics system featuring zero container detention, high timeliness and full process transparency.



Port Drayage



Promote the Implementation of Green Packaging: Lecangs adopts recyclable packaging materials, and uses foldable, wear-resistant courier boxes and packaging bags that can be recycled by consumers for repeated use.

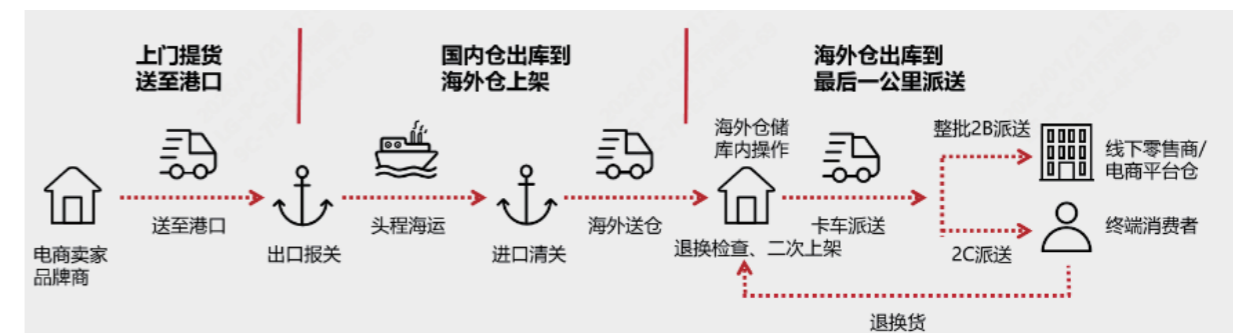
Social (S): Empower via Ecological Co-prosperity to Fuel High-Quality Development of Cross-Border Trade

Focusing on three major orientations of serving outbound enterprises, advancing industrial upgrading and protecting the rights and interests of all parties, Lecangs builds an ecological community for cross-border logistics.

Full-link Service Guarantee to Empower Chinese Brands Going Global

Lecangs provides full-chain services including first-mile sea freight, one-piece dropshipping, FBA transshipment, overseas warehousing and after-sales trusteeship. Covering core markets such as the United States, the United Kingdom, Germany and Canada, it has served over 2,000 cross-border e-commerce enterprises — covering medium and large product categories including furniture and fitness equipment. It continuously empowers Chinese brands to expand globally and pursues shared growth and prosperity.

Lecangs integrates the full-link logistics service network to offer customers one-stop services covering first-mile transportation, warehousing & distribution, returns and exchanges, as well as end-to-end full-link solutions spanning from manufacturers to consumers for both B2B and B2C businesses.



End-to-End Global Supply Chain Solutions

As of December 31, 2025, Lecangs recorded an annual shipment volume of over **18 million**. Its peak daily order processing volume exceeds **150,000**, with the number of cargo SKUs topping **150,000**, and the **24-hour** outbound fulfillment timeliness rate stays above **99.9%**.

Lecangs supports Amazon SFP, Direct Shipping and other operational models, helping sellers access FBA traffic advantages at lower costs.



Last-mile Logistics Transportation

Resource Sharing, Empowering Industrial Development

Lecangs advances industrial progress through experience sharing and resource collaboration.

- Lecangs was invited to attend the 7th China Cross-border E-commerce Logistics Conference, sharing its experience built on 15 years of in-depth industry dedication and 13 years of overseas warehouse operation, and promoting the standardization of cross-border logistics.



Lecangs was invited to attend the 7th China Cross-border E-commerce Logistics Conference.

- Joined forces with three major national-level think tanks to launch the strategic guideline — *Full-knowledge Navigation Map of Cross-border E-commerce Logistics*. Rooted in more than a decade of practical operational data in cross-border logistics, it precisely tackles 26 major core pain points, offering a clear path for cross-border enterprises to reshape their logistics competitiveness.



Lecangs E-commerce Logistics Full-Knowledge Navigation Map

- Lecangs actively participates in the development of industrial standards. It has taken part in formulating the *Operational and Management Requirements for Cross-border E-commerce Overseas Warehouses*, issued by the State Administration for Market Regulation and the Standardization Administration of China, so as to drive the standardized development of the industry. In addition, it clarifies operational standards and the division of responsibilities in key links such as goods storage, sorting and distribution.

Partnership Collaboration and Shared Prosperity

Lecangs has signed long-term cooperation agreements with platforms including FedEx and Amazon. It has ranked among the world's top 100 key clients of FedEx Ground since 2023 and advanced into the global TOP 50 of FedEx Ground in 2025, ensuring stable service delivery.

Governance (G): Compliant & Steady Operation, Consolidating the Foundation of Sustainable Development

Strengthen Risk Prevention and Control, Enhance Anti-Cyclical Resilience

Faced with market fluctuations, Lecangs mitigates risks by adhering to compliant operation and implementing a strategic layout.

- Lecangs puts compliant operation and asset security as the top priority and adheres to the self-built and self-operated model. All warehouses and courier accounts are Self-built, and high-risk fraudulent shipping accounts are strictly prohibited, effectively avoiding risks such as cargo detention, heavy fines, and legal liabilities. In terms of warehouse site selection and construction, Lecangs strictly verifies local mandatory qualifications, including fire safety and taxation, inspects security systems through on-site investigations, and rejects sub-landlords and shell companies to ensure the absolute safety of corporate assets and clients' goods.

- Lecangs's resilience to fluctuations is rooted in its long-term strategic layout. Adopting a rolling development strategy of upgrading from small warehouses to large ones, Loctek Group has reserved 5,000 mu of industrial land in core port areas of the United States in advance. Such heavy asset investment brings remarkable cost advantages — the operating cost of self-built warehouses is only one-third to one-half that of leased warehouses. Meanwhile, Lecangs actively expand last-mile logistics channels and establish in-depth cooperation with logistics giants such as FedEx. It secures more favorable discounts backed by massive shipment volume, further consolidating its core competitiveness in the cross-border logistics sector.



Lecangs Embodiment of Strategic Layout

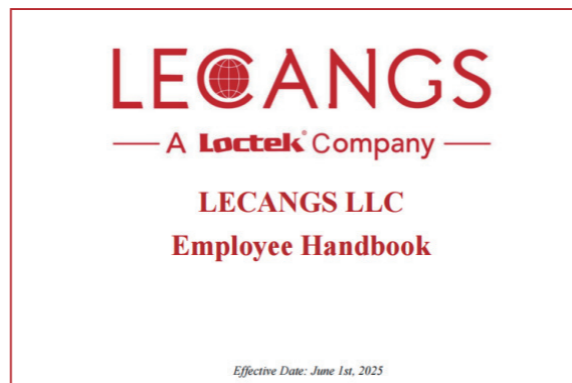
Protect Employees' Rights and Interests, Foster a Fair Employment Atmosphere

Lecangs attaches great importance to the rights and interests of local employees, and builds a symbiotic system featuring fairness and career growth.

- Local employees at Lecangs (e.g., teams in the United States and Germany) (including teams in the United States and Germany) are covered by social insurance in accordance with local laws. The Company has established a comprehensive skills training system to enhance employees' professional competencies and broaden their career development prospects. It has also set up the Overseas Employee Care Fund to support needs such as medical care and children's education. Meanwhile, complete living facilities including staff canteens and lounge areas are provided to improve employee well-being. In addition, the Company has formulated the *Lecangs LLC Employee Handbook* and launched a cross-border compliance training mechanism, with a focus on strengthening awareness of data security, trade compliance, and other key areas.



Lecangs's Staff Canteen



Lecangs's Employee Handbook

Improve Customer Satisfaction

- Lecangs upholds the core customer service philosophy of "Rooted in sellers, serving sellers, and understanding sellers better". It has built a standardized customer service management system covering the full process of pre-sales, in-sales, and after-sales. By delivering professional, compliant and efficient services, it empowers the growth of cross-border e-commerce clients and fosters a stable win-win business ecosystem. With a sound institutional framework and digital tools, the Company enhances service efficiency and customer experience, faithfully fulfills its service commitments to clients, and advances long-term symbiotic development with cross-border e-commerce partners. The customer satisfaction rate of its service team exceeds 99%.

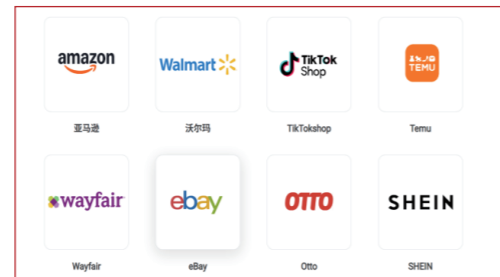
Diversified Qualification Certifications, Setting Industry Benchmarks

Lecangs has obtained a host of authoritative certifications relying on its outstanding services and compliant operation.

- Official recommended service provider of Amazon SPN, officially certified docking warehouse of eBay, certified warehouse of TikTok Shop, and officially certified warehouse of Temu.



TikTok Shop Certified Warehouse



Lecangs's Cross-border Platform Partner

- Lecangs has been honored with multiple accolades, including 2025 China Cross-border E-commerce Logistics Leading Enterprise Going Global, Top 10 Overseas Warehouse Enterprises of China Cross-border E-commerce Logistics 2025, Top 10 Benchmark Overseas Warehouse Enterprises in 2025 Xiaosheng Ranking, and 2025 Ecological Partner Award issued by Xiamen Cross-border E-commerce Association. These honors fully reflect the industry's recognition of Lecangs's service quality and customer satisfaction.



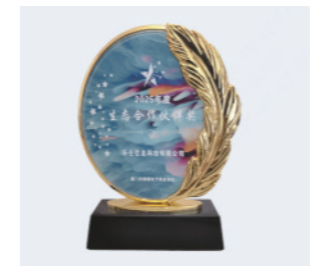
Top 10 Benchmark Overseas Warehouse Enterprises of 2025 Xiaosheng Ranking



Top 10 Overseas Warehouse Enterprises in China Cross-border E-commerce Logistics 2025



2025 Leading Enterprise for Global Expansion in China Cross-border E-commerce Logistics



2025 Annual Ecological Partner Award of Xiamen Cross-border E-commerce Association

- Lecangs has been selected as the 2025 Zhejiang Leading Enterprise in the Service Industry, while Loctek Corp. has been honored as the Zhejiang Leading Private Multinational Enterprise, gaining authoritative recognition at the provincial level.

关于2025年浙江省服务业领军企业名单的公示

康龙化成(宁波)药物开发有限公司	国际贸易
易匠未来科技(杭州)有限公司	国际贸易
金华市聚杰电器有限公司	国际贸易
浙江恒健家居有限公司	国际贸易
宁波耀米信息科技有限公司	国际贸易
乐仓信息科技有限公司	国际贸易
物产中大金属集团有限公司	批发零售
浙江物产环保能源股份有限公司	批发零售
万向三农集团有限公司	批发零售
毛戈平化妆品股份有限公司	批发零售

2025 Zhejiang Provincial Leading Enterprise in the Service Industry

关于2025年度浙江民营跨国公司“领航企业”名单的公示

26	宁波力勤资源科技股份有限公司	宁波市
27	乐歌人体工学科技股份有限公司	宁波市
28	宁波均胜电子股份有限公司	宁波市
29	狮丹努集团股份有限公司	宁波市
30	宁波晶亚新材料科技股份有限公司	宁波市
31	博威集团有限公司	宁波市
32	宁波富佳实业股份有限公司	宁波市
33	百隆东方股份有限公司	宁波市

2025 Annual "Pioneer Enterprise" of Zhejiang Private Multinational Enterprises

Lecangs's ESG practices have not only enhanced its operational efficiency and risk resilience, but also driven the sustainable development of the industry with an open and shared mindset, building a solid and green logistics foundation for Chinese brands to go global.

Moving forward, Lecangs will continue to deepen its ESG strategy and join hands with partners across the industrial chain to pursue a sustainable future together.

Integrity and Compliance: Strengthening Sustainable Governance

Company Actions

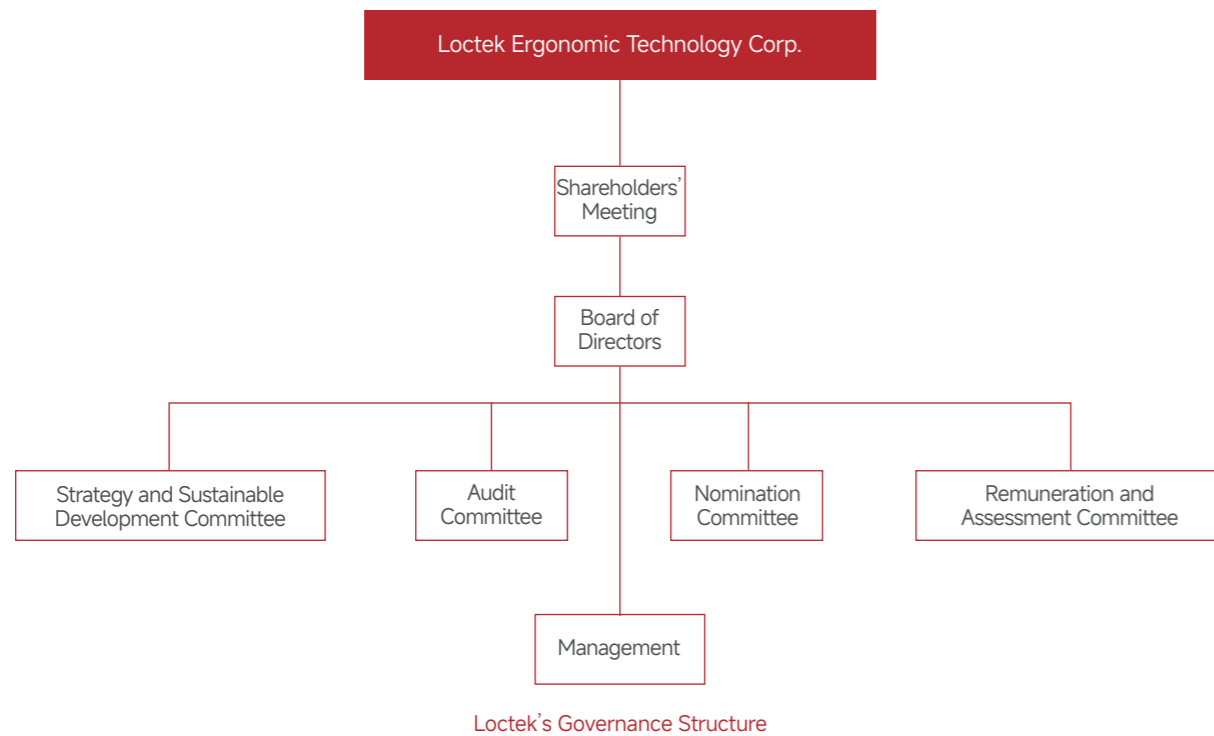
- Corporate Governance
- Investor Relations Management
- Compliance and Risk Control
- Business Ethics and Anti-corruption
- Information Security and Privacy Protection

SDGs



Corporate Governance

Loctek Corp. strictly complies with laws and regulations including the *Company Law of the People's Republic of China* (hereinafter referred to as the "Company Law"), the *Securities Law of the People's Republic of China* (hereinafter referred to as the "Securities Law"), the *Code of Corporate Governance for Listed Companies* and the *Guidelines for the Articles of Association of Listed Companies*. It standardizes corporate operations, establishing a governance structure with well-defined powers and responsibilities, sound coordination and effective checks and balances. The Company continuously standardizes its operations, and improves information disclosure and investor relations management, and strives to elevate the corporate governance level, and ensures the compliance and stability of business operations.



Shareholders' Meeting

The Shareholders' Meeting is composed of all shareholders and serves as the Company's supreme authority. All procedures governing the convening, holding, proposal submission, voting and resolution adoption of the Shareholders' Meeting are strictly implemented in accordance with the Company Law, the *Company's Articles of Association* and the *Rules of Procedure for Shareholders' Meetings*. The Company treats all shareholders equally, and adopts a voting mode combining on-site and online voting to facilitate shareholders' attendance and right exercise, and fully guarantees shareholders to exercise their legitimate rights in accordance with laws. Professional external lawyers are appointed to witness the whole process of the Shareholders' Meeting on-site and issue legally valid legal opinions. During the reporting period, no act that harms the legitimate rights and interests of minority shareholders occurred in the Company.

Key Performance

During the reporting period, the Company held **2** shareholders' meetings, at which **18** proposals were deliberated and adopted.



Board of Directors

The Company establishes the Board of Directors in accordance with relevant laws, regulations and normative documents, acting as the operational decision-making body. It has formulated institutional documents such as the Rules of Procedure for the Board of Directors and the Independent Director System, further standardizing the deliberation and decision-making procedures of the Board. This ensures that individual directors and the Board as a whole perform their duties diligently and compliantly, continuously improving the standardization of the Board's operation and the quality of scientific decision-making. During the reporting period, the Company's Board of Directors faithfully fulfilled its fiduciary responsibilities and successfully completed the re-election of the Sixth Board of Directors. The current Board is composed of Chairman Lane Shaw, Directors Xiang Xin and Zhu Wei, Employee Representative Director Huang Xiaohong, and Independent Directors Hao Yabin, Chen Yiran and Hua Xiuping. It provides decision-making support and supervisory safeguards for the Company's long-term value creation and risk management, with the Board discharging its duties in a standardized and effective manner.



Re-election of the Board of Directors

Board Diversity	<ul style="list-style-type: none"> The Company actively promotes diversity in the composition of the Board of Directors, advances gender equality, and takes into account diversity in ethnicity, geographical origin, cultural background and professional experience. This enables the Board to draw on a wide range of perspectives and expertise in decision-making. As of the end of the reporting period, the Company's Board of Directors has 7 members, including 3 female directors, accounting for 42.86%. The average tenure of Board members is 5.05 years, and the age standard deviation of directors and senior management is 10.56 years.
Board Independence	<ul style="list-style-type: none"> In strict compliance with the requirements of the Company Law, Securities Law and other relevant laws and regulations, as well as internal systems including the Working System for Independent Directors on Annual Reports and the System for Special Meetings of Independent Directors, the Company gives full play to the positive role of independent directors. During the reporting period, the Board of Directors had three independent directors, accounting for 42.86% of the total board members, including one female independent director.
Board Professionalism	<ul style="list-style-type: none"> Members of the Company's Board of Directors have diverse professional backgrounds and extensive experience in fields including physics, electronic engineering, business administration, financial accounting and other disciplines, ensuring that the Board's decision-making fully covers all facets of the Company's business operations. Independent directors are well-versed in industry-related areas such as finance, innovation strategy and financial services. With profound professional and industrial experience, they are able to provide professional opinions and recommendations to the Company.
Training for Directors and Senior Management	<ul style="list-style-type: none"> The Company regularly invites external professionals such as lawyers and securities practitioners to deliver compliance training to directors and senior management, so as to improve the decision-making quality and compliance standard of the governance body. Directors and senior management are regularly arranged to attend qualification training organized by relevant institutions. The Company also organizes regular compliance training covering, without limitation, prohibition of insider trading, protection of corporate confidential information, and prevention and control of corporate governance risks, aiming to continuously enhance professional competency and strengthen governance capabilities. During the reporting period, two sessions of compliance training for directors and senior management were held.

Key Performance

During the reporting period, the Company held **13** Board of Directors meetings with a **100%** attendance rate of all Board members, and reviewed and approved **47** proposals. None of the Company's independent directors have served terms exceeding **6** or nine years. In addition, no independent director holds independent directorships in more than **3** or **6** listed companies.



Board Committees

The Board of Directors has set up four specialized committees, namely the Strategy and Sustainable Development Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. The specialized committees conduct research on professional matters and put forward opinions and suggestions for the Board's decision-making reference. Members of each committee perform their duties in accordance with the relevant working rules of the committees, fully ensuring the professionalism and efficiency of the Board's deliberation and decision-making.

Board Committees	Meetings Held	Reviewed Proposals	Independent Directors Ratio	Is Committee Chair an Independent Director
Strategy and Sustainable Development Committee	1	2	66.67	No
Audit Committee	7	16	66.67	Yes
Nomination Committee	2	3	66.67	Yes
Remuneration and Assessment Committee	1	2	66.67	Yes

Audit Committee

In accordance with the *Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law and other relevant laws* and regulations, the Company has abolished the Board of Supervisors. The Audit Committee of the Board of Directors exercises the functions and powers of the Board of Supervisors as prescribed by the Company Law. It is responsible for coordinating and evaluating the Company's internal and external audits, reviewing financial information and its disclosure, and supervising and inspecting major decision-making matters.

The members of the Audit Committee consist of accounting experts and industry professionals, who put forward suggestions on risk management and control in respect of the Company's financial operations and industrial development.

Senior Management

The Company has formulated management systems such as the *Working Rules for the General Manager and the Working Rules for the Secretary of the Board of Directors*, which define the core functions of senior management. These functions include presiding over the Company's production and business operations and management, organizing the implementation of resolutions of the Board of Directors, and reporting work progress to the Board regularly. The Board of Directors regularly inspects the performance of duties and work execution of the senior management to ensure the efficient operation of the Company.

As of the end of the reporting period

The Company has **7** senior management members, including **2** female senior executives, accounting for **28.57%** of the total.

Remuneration Management for Directors and Senior Management

The Company's Board of Directors has established the Remuneration and Assessment Committee, which enjoys independent decision-making and executive authority. The Committee is responsible for formulating remuneration policies and assessment criteria for the Company's directors and senior management, as well as evaluating and assessing their performance. Independent directors receive remuneration in accordance with contractual agreements. The remuneration policies for Board members are highly transparent. The compensation of the Company's management comprises base salary, performance pay, medium-and long-term incentive income and other components, with ESG factors incorporated into the assessment indicators.

Investor Relations Management

Returns to Shareholders

Loctek remains firmly committed to delivering long-term value to shareholders and has made shareholder returns a core tenet of its corporate governance strategy. The Company strictly adheres to the profit distribution commitments outlined in its *Articles of Association*. To enhance the transparency and predictability of returns, Loctek has introduced the *Three-Year Dividend Distribution Plan (2024-2026)*, which outlines a forward-looking framework for shareholder remuneration. This plan quantifies target payout ratios and clarifies implementation pathways, reflecting the Company's dedication to equitable value sharing and reinforcing investor confidence.

Year	Total Cash Dividends Distributed	As % of Net Profit Attributable to Shareholders of the Listed Company in Consolidated Financial Statements
2023	RMB 125.05 million	19.73%
2024	RMB 102.39 million	30.48%
2025	RMB 102.48 million	39.50%

Note: 2025 figures are based on estimates approved by the Board of Directors.

Information Disclosure

Loctek upholds the principles of fairness, transparency, and equal access in its information disclosure practices. The Company proactively discloses material information that could significantly impact shareholder decision-making. In line with this, it has established a comprehensive *Information Disclosure Management Policy* that clearly defines both statutory and non-statutory disclosure requirements. These measures ensure that disclosures are truthful, accurate, timely, complete, and impartial—enabling all shareholders to access consistent and reliable information regarding the Company’s operations and performance.



Golden Information Disclosure Award by China Securities Journal



Golden Quality Corporate Governance Award by Shanghai Securities News

During the reporting period

The Company publicly disclosed **4** periodic reports and **183** ad-hoc announcements. It has maintained a Grade **A** rating in the information disclosure assessment for **3** consecutive years, and has never been reprimanded or penalized by regulatory authorities for any information disclosure violations.

Investor Engagement

Loctek places strong emphasis on two-way communication with both existing and potential investors. The Company has adopted a formal *Investor Relations Management Policy* and responds to inquiries promptly through multiple channels, including SZSE Interaction Platform, email, and dedicated investor hotlines. An Investor Relations section on the corporate website (www.loctek.com) provides easy access to key materials such as governance updates, financial reports, announcements, and contact details. To deepen investor understanding and foster trust, Loctek regularly organizes investor engagement activities including earnings briefings, investor open days, and on-site research visits. These efforts help strengthen relationships with the capital markets and reinforce a corporate culture rooted in transparency, accountability, and value creation.



Loctek's Listing Journey

Key Performance

During the reporting period, the Company conducted **89** online and offline investor communication events, received **180** person-times of on-site investor research visits, and answered more than **1,450** investor phone inquiries. A total of **183** investor interactions were completed via the Easy Interactive Platform.



In May 2025, Loctek Corp. was selected as a case of the 2024 Best Practices in Investor Relations Management for Listed Companies for its outstanding performance in information disclosure, standardized operation and investor relations management.



Best Practices in Investor Relations Management for Listed Companies

Compliance and Risk Control

Internal Control System

The Company abides by relevant laws, regulations and normative documents including *the Basic Standards for Enterprise Internal Control and China Internal Auditing Standards*, and has formulated institutional documents such as the Internal Control System and Internal Audit System. These efforts ensure the lawfulness and compliance of business activities, optimize corporate governance, effectively manage risks, and substantially enhance the strength and efficiency of internal control. The Company also clarifies the division of powers and responsibilities to ensure full implementation of all systems. The Company’s internal control system centers on the fundamental principle of safeguarding the steady development of the enterprise. It is built upon three functional pillars: internal control, internal audit, and legal compliance. Supported by six key work approaches — risk identification, internal control optimization, internal audit, online review, legal management and anti-fraud management — the system has basically achieved four core internal control objectives: compliant business operation, asset safety, truthful and reliable financial information, and improved operational efficiency and effectiveness. In addition, the Company has established effective internal control evaluation procedures, conducts regular self-assessments on the effectiveness of internal control, and discloses the Internal Control Self-Assessment Report in accordance with regulatory requirements.

During the reporting period

The Company engaged KPMG Huazhen Certified Public Accountants (Special General Partnership) to conduct an audit on the Company’s internal control for 2025, which issued a standard unqualified internal control audit report.

Internal Audit

The Company has formulated the *Internal Audit System* and established an independent and comprehensive internal audit framework, and set up a dedicated internal audit department. The department inspects and supervises the authenticity and integrity of the Company's financial information as well as the formulation and implementation of internal control systems, forestalls various risks, and ensures the Company operates in compliance with regulations and develops steadily.

During the reporting period

The Company carried out a total of **118** internal control and internal audit projects, including **48** internal control audits, **58** special internal control compliance projects, **11** special expense audits and **1** anti-fraud special project.

Risk Management

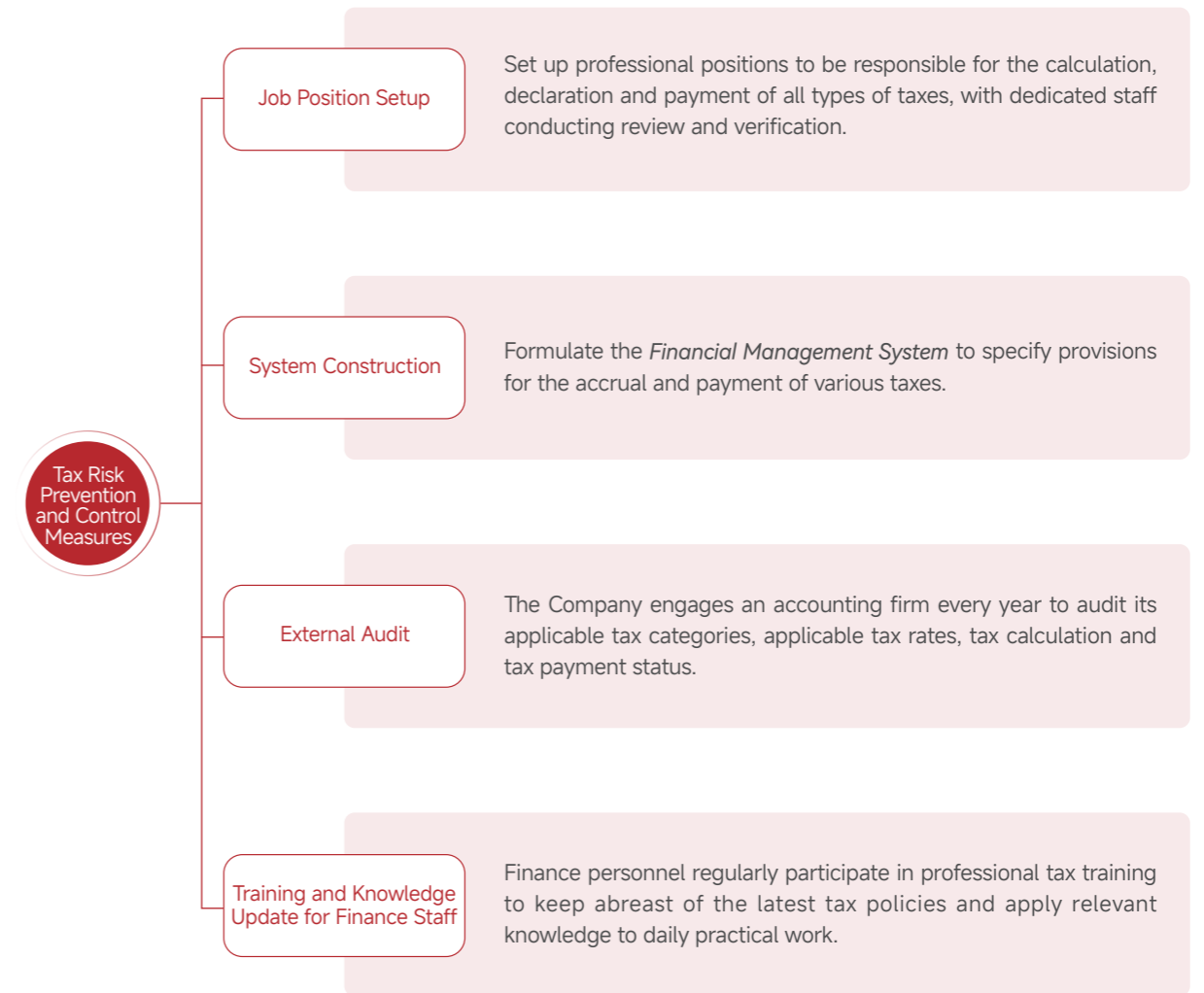
To ensure stable and sustainable operations, the Company has implemented a three-lines-of-defense risk control model and revised its *Operational Risk Identification, Assessment and Control Procedures*. The Company continues to enhance mechanisms for risk identification, evaluation, mitigation, monitoring, and continuous improvement. An annual major risk assessment is conducted to review the previous year's risk management outcomes and guide improvements in key areas. Efforts include refining internal policies aligned with strategic planning and addressing execution gaps. The Company also invests in risk management training to elevate employees' risk awareness and strengthen their ability to prevent and manage potential threats.



Basic Process of Corporate Risk Management

Tax Management

The Company continues to strengthen its financial governance framework through the development and implementation of the *Financial Management Policy*. We have enhanced financial controls, fully rolled out a company-wide budgeting system covering all business areas, departments, and staff. Initiatives include: Optimizing asset utilization to boost operational efficiency; Strengthening centralized cash management for efficient resource allocation and fund security; Conducting systematic tax policy research, outreach, and data reporting to improve the effectiveness of tax management. Through the integrated management of budgeting, asset allocation, cash flow, and taxation, the Company has established a robust financial foundation to support high-quality development.



Key Performance

Total tax payments for the reporting period amounted to RMB **156.88** million.



Related Party Transactions

To ensure that all related-party transactions are conducted legally, fairly, and reasonably, the Company strictly adheres to applicable laws and regulations, including the *Guidelines No. 7 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies—Transactions and Related-Party Transactions*. Based on these regulations and actual business needs, the Company has formulated a *Related-Party Transactions Management Policy*, which clearly defines pricing principles, approval procedures, and disclosure requirements to protect the legitimate interests of both the Company and its shareholders.

Operational Compliance

The Company is committed to building a comprehensive compliance management framework that spans all business units, functions, and processes. We continue to refine our internal mechanisms and foster a strong culture of compliance across the organization. Anchored in our core priorities of reform, growth, and operations, the Company promotes organization-wide participation—from the Board of Directors and senior management to functional departments and front-line business units—advancing compliance system development in a holistic and multi-tiered manner.

Strengthening Compliance Leadership

A risk and internal control management team, jointly formed by the Board's Audit Committee and the Internal Audit Department, oversees and evaluates the effectiveness of internal controls to ensure the integrity, compliance, and viability of the system in supporting the Company's operational goals.

Conducting Internal Control Reviews

Audit initiatives focused on key elements such as the internal environment, risk assessment, control activities, information and communication, and internal monitoring. These efforts follow a full-cycle process—planning, execution, reporting, and follow-up—to form a closed-loop internal control review mechanism.

Cultivating a Culture of Compliance

The Company continues to integrate domestic and international legal resources to provide professional support for day-to-day operations and new business ventures. Legal awareness training was conducted to deepen understanding of compliance requirements and internal control procedures, fostering a culture of integrity and accountability.

Legal Awareness and Compliance Training

The Company places a strong emphasis on cultivating a culture of compliance. Compliance training is integrated into the overall employee development plan, with senior executives leading by example in participating in regular compliance education. The Company also organizes targeted compliance training sessions for employees to raise awareness and reinforce internal controls.

During the reporting period

The Company held **8** legal and compliance training sessions across a range of topics and audiences, with a total training duration of **25** hours.

Business ethics and anti-corruption

Ethical Standards and Governance Framework

Loctek adheres to the principle of zero tolerance for corruption. It strictly abides by anti-corruption legal requirements of all jurisdictions involved in its business operations, including the *United Nations Convention against Corruption* and the *Anti-Unfair Competition Law of the People's Republic of China*. The Company has also formulated systems such as the *Anti-Bribery and Anti-Corruption Policy* and the *Employee Code of Conduct Against Commercial Bribery*. At the decision-making level, the Board of Directors oversees the strategic orientation of business ethics and anti-corruption work, reviews major matters, and bears the ultimate supervision responsibility. At the management level, senior management takes the lead in formulating and implementing rules, coordinating resource allocation, and advancing the development of relevant management systems. At the execution level, all functional departments implement business ethics and anti-corruption measures in light of actual business conditions, and conduct daily management and information submission. This has formed a top-down business ethics management system featuring clear rights and responsibilities as well as coordinated and efficient operation. The Company explicitly prohibits employees from gaining competitive advantages in business activities by offering or accepting bribes, kickbacks, or improper benefits. The Company has established and improved a sound anti-fraud mechanism. It duly pays attention to and inspects potential fraudulent conduct during internal audits, and arranges unscheduled legal training to regulate employees' ethical behaviors in an all-round manner, so as to firmly prevent fraud, embezzlement, and corruption.

During the reporting period

The signing rate of the Company's integrity clauses reached **100%**.

Anti-Corruption Awareness and Training

To foster a culture of integrity and strengthen compliance awareness, Loctek regularly delivers training and awareness programs on business ethics and anti-corruption. These sessions guide employees in aligning their behavior with the company's ethical standards and regulatory obligations.

During the reporting period

The Company conducted **8** anti-corruption and integrity training sessions, engaging **461** employees.

Case

Anti-Fraud Orientation

In March, Loctek launched the 37th anti-fraud and integrity training session for new employees, delivered personally by the Chief Risk Control Officer. The training covered the definition and causes of fraud, duty-related crime cases, risk management rules and reporting incentive policies. Combining several real cases, the officer explained the basic concept, root causes and preventive measures of fraud in an easy-to-understand way. The training helps steadily strengthen employees' integrity awareness and foster a sound corporate integrity culture.



New Employee Anti-Fraud and Integrity Training

Anti-Corruption Risk Prevention and Control

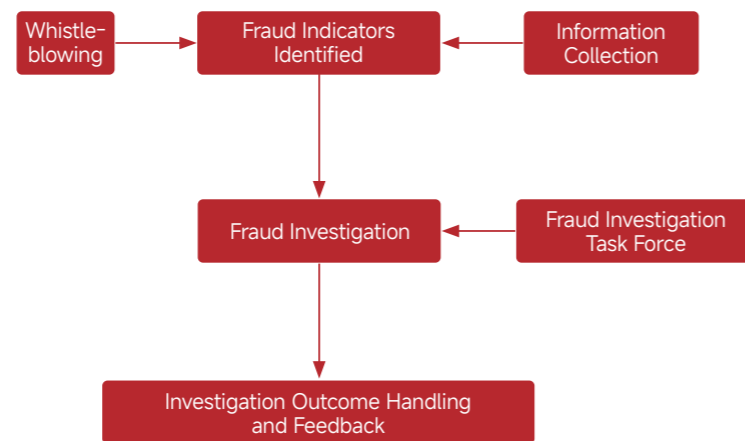
The Company continues to strengthen integrity risk prevention and control, and has built an integrity risk management system covering all employees. It regularly conducts inspections on integrity risk points, sorts out and assesses potential integrity hazards in all business processes and key positions, and formulates targeted prevention and control measures accordingly. During the reporting period, no major business ethics risk incidents occurred within the Company.

Risk Area	Risk Description	Response Measures
Procurement	There may be corruption risks such as supplier bribery and acceptance of kickbacks.	<ul style="list-style-type: none"> Strictly implement the supplier admission and evaluation mechanism, continuously improve the transparency and standardization of the bidding process, and build an open and transparent standardized procurement system; Strengthen integrity education and improve the accountability system to further consolidate the compliance foundation.
Operation	Risks such as asset embezzlement, data security leakage and process fraud may exist.	<ul style="list-style-type: none"> Standardize operating procedures, strengthen authority management and control, and optimize inspection and audit arrangements to realize systematic control over operational risks.

Whistleblower Protection

Loctek upholds the principles of “no tolerance, no opportunity, and no desire for misconduct,” and has established a *Whistleblower Reward Policy* to encourage integrity and transparency. A dedicated department has been assigned to handle reports of fraud and corruption. Multiple convenient and confidential reporting channels are available, including warning signage, telephone hotlines, anonymous mailboxes, and designated email addresses. The Company strictly follows confidentiality and recusal protocols in handling all whistleblower reports to ensure that both the identity of the whistleblower and the content of the report are fully protected.

Loctek accepts both anonymous and signed reports in any format. Once a report is verified, the Company initiates an investigation and provides a cash reward if the report is substantiated. If the report is found to be untrue, the whistleblower is notified. Malicious or fraudulent reporting will result in legal liability for the reporting party.



Whistleblower Case Handling Procedure

Whistleblower Protection Measures and Reporting Channels

Confidentiality

- No individual is permitted to disclose the whistleblower's identity to the subject of the report or any unrelated party.
- Investigative content, methods, and direction must not be shared with unrelated personnel or the subjects under investigation.
- Any breach of confidentiality will result in disciplinary action.

Safety Protection

- Retaliation against whistleblowers or related witnesses is strictly prohibited. Depending on the severity of the retaliation, consequences may include dismissal, termination of employment contracts, or referral to judicial authorities.

Reporting Channels

- Email: haitao.wang@loctek.com; lianjie@loctek.com
- Tel.: 13685818299; 0574-56809494
- WeChat ID: LGLianjie
- Mailing Address: Risk Control Center, No. 436, Xueshi Road, Shouan Subdistrict, Yinzhou District, Ningbo City, Zhejiang Province, China

Supervision over Business Partners on Anti-Corruption and Anti-Bribery

The Company has established a strict access review mechanism for business partners. Prior to cooperation, it conducts a comprehensive review of their background, credit standing and integrity records, and refuses to cooperate with enterprises with integrity flaws or corruption-related records. In the course of cooperation, the Company specifies anti-corruption obligations via contractual clauses and monitors the integrity performance of business partners on a regular and unscheduled basis. If any improper conduct such as embezzlement or bribery is identified among business partners, the Company will immediately suspend cooperation and pursue corresponding legal liabilities as appropriate, so as to jointly safeguard a fair and impartial market environment.

Anti-Monopoly and Anti-unfair Competition

The Company has incorporated anti-monopoly compliance into its ESG governance system and formulated regulations such as the *Guidelines for Marketing Internal Control and Compliance*. At the decision-making level, the Board of Directors oversees the strategic orientation of anti-monopoly and anti-unfair competition work, reviews major relevant matters, and bears the ultimate supervision responsibility. At the management level, the senior management takes the lead in formulating and implementing rules, coordinating resource allocation, and advancing the development of the relevant system. At the execution level, all functional departments implement anti-monopoly and anti-unfair competition measures based on actual business conditions, conduct daily management and information submission, thus forming a top-down management system with clear division of powers and responsibilities and efficient collaboration. The Company explicitly requires all marketing activities to abide by the principle of fair competition and strictly prohibits any monopolistic and unfair competition acts. It has refined the compliance requirements for key links including the formulation of pricing strategies, organization of promotional activities, advertising content release and channel cooperation management, so as to ensure all marketing activities are conducted in a legal and compliant manner.

Anti-Monopoly and Fair Competition Risk Control

The Company has formulated comprehensive measures and plans against cut-throat competition, which are jointly implemented by the legal department and patent team to build a full-cycle management mechanism featuring prevention – control – optimization. On the prevention front, a hierarchical and categorized training matrix is established to ensure compliance requirements are precisely communicated to all business units. On the control front, a compliance firewall is put in place to enable early identification and early warning of potential risks. On the optimization front, the Company facilitates the development of a healthy competitive ecosystem by participating in policy discussions and formulating industry standards.

Anti-Monopoly and Fair Competition Training

The Company has formulated differentiated training arrangements for employees of business lines across different countries. The training covers the latest developments in domestic and foreign anti-monopoly laws and regulations, in-depth analysis of typical cases, and compliance operation guidelines for real business scenarios. It ensures that the concepts of anti-monopoly and fair competition are internalized into employees' code of conduct, so as to guard against competition compliance risks at the source.

During the reporting period

The Company held **1** training session on anti-monopoly and fair competition for employees.

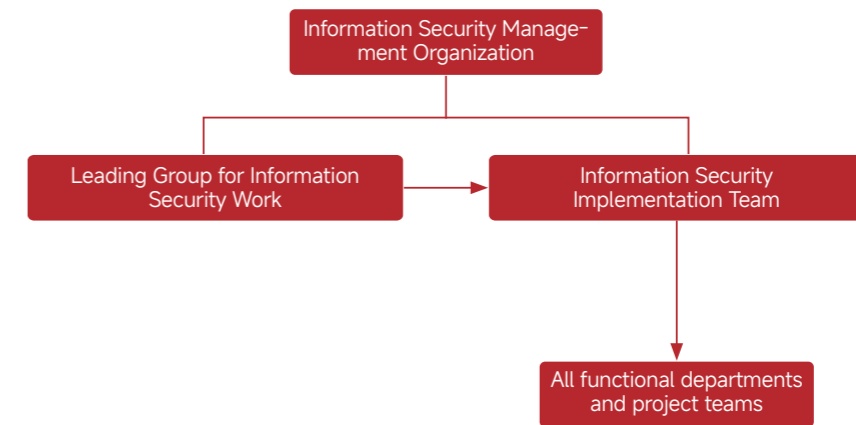
Case Key Analysis of Comparative Advertising under Germany's Unfair Competition Regulations

In March, the Company conducted targeted training for employees engaged in German business on the key points of comparative advertising under Germany's unfair competition regulations. Combining the core provisions on comparative advertising stipulated in the *Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb – UWG)* and relevant EU regulations, the training sorted out typical cases of comparative advertising in Germany in recent years. It elaborated in detail on how to conduct lawful and compliant comparison of products and services when carrying out advertising promotion in the German market. The training enables employees to accurately grasp the compliance requirements for comparative advertising in the German market in subsequent business promotion activities and effectively avoid legal risks.

Information Security and Privacy Protection

Information Security System

Loctek has developed policies such as the *Information Security Incident Management Policy* and *Network Risk Management Policy* to form a comprehensive information security system covering hardware, data, systems, and customer information. These safeguards ensure business continuity, enhance information security assurance throughout operations, and protect the data privacy of all stakeholders. No incidents of customer privacy breaches or data loss occurred during the reporting period.



Information Security Organizational Structure

During the reporting period

No incidents of customer privacy breaches or data loss occurred during the reporting period.



Data Protection Measures

Information Risk Management

Potential risks related to data security and privacy are identified and assessed. Countermeasures are implemented based on risk levels, and the effectiveness of security controls is regularly evaluated.

A cross-border data compliance assessment project has been launched to review major business systems and ensure cross-border data operations remain compliant with relevant regulations.

The Company has formulated the *Management System for Information Security Hidden Danger Disposal*, which regulates the full-process management of the acceptance, rectification and re-inspection of information security hidden dangers. It clarifies that the person responsible for each hidden danger shall be held as the primary person accountable, and mandates completion of rectification and corresponding feedback within the prescribed time limit. The Information Security Implementation Team follows up and conducts re-inspection to ensure closed-loop disposal of all hidden dangers. Personnel with inadequate rectification performance will be held accountable in accordance with relevant rules.

Information Security Hidden Danger Inspection

Equipment Security

Equipment and cabling are routinely inspected and maintained, with obsolete systems retired in a timely manner. Access control and surveillance are enforced in critical data areas to prevent unauthorized entry. Data centers are kept clean and orderly to ensure safety, and backup facilities are in place to respond to emergencies.

Network security risks are continuously assessed across areas such as access controls, security mechanisms, services, and segmentation. Based on the scale, impact, and likelihood of threats, risk priorities are set. Technical safeguards such as data encryption, identity authentication, digital signatures, firewalls, and vulnerability detection tools are employed to strengthen defenses.

Cybersecurity Protection

Key Performance

During the reporting period, the total investment in information security reached **2.6** million RMB.



Emergency Response

The Company has formulated and implemented the *Information Classification and Security Level Management Rules and Security Incident Response and Emergency Management System*. It categorizes confidential information into three grades: Top Secret, Confidential and Secret, and builds a three-level linkage emergency response system for information security incidents covering headquarters, regional organizations and departments. The Company fully incorporates classified protection requirements into cybersecurity and information security work, strictly abides by confidentiality agreements and customer information protection specifications, and ensures security management of information throughout its full life cycle.

The Corporate Information Center has set up a dedicated emergency response team. Based on risk analysis and redundancy demands of core equipment and facilities, it has formulated emergency plans to guard against ransomware, malware, network failures and other contingencies, enabling the information system to respond promptly to unexpected incidents. The Company carries out 1–2 emergency drills every year, rectifies problems identified in the drills, and makes improvements until the expected targets are fulfilled.

Strengthening Employee Training

The Company fully advances the development of information security culture and improves all employees' security literacy through a multi-level training system. It regularly holds special information security training in the form of case sharing and knowledge quizzes, covering core areas including personal information protection, data security, password management, as well as website and email security. The training continuously enhances employees' awareness of cybersecurity risks and builds a full-coverage information security defense network with the participation of all staff.

The Company conducts phishing simulations on a quarterly basis. Using trending topics or welfare policies of the quarter as plausible lures, it sends simulated email links to all employees to test their anti-fraud awareness. Targeted anti-fraud training is arranged for employees who fail the simulation test, so as to comprehensively strengthen the overall cybersecurity awareness of the workforce.

During the reporting period

The Company organized **4** training sessions on information security and privacy protection, with a total of **1,460** participants.



Green and Low-Carbon Development for Environmental Sustainability

Company Actions

- Response to Climate Change
- Climate Change Action
- Environmental Management
- Reduce Resource Consumption

SDGs



Response to Climate Change

Climate Change Governance

Loctek Corp., Ltd. actively responds to climate change challenges. In reference to the framework and guiding principles of the Task Force on Climate-Related Financial Disclosures (TCFD), and drawing on widely recognized best practices in the ESG industry, the Company has formulated regulations including the Greenhouse Gas Control Procedure and established a sound climate change management system. It clarifies management responsibilities at all levels, incorporates climate change risks into the corporate risk management framework, standardizes climate governance, prevents and reduces environmental incidents, and advances the enterprise steadily toward the net-zero carbon target. During the reporting period, the Company held one training session on climate change response, aiming to strengthen employees' climate-related competency development and build a professional green talent team.



Management Structure

01



- Board of Directors: Supervise and revise the Company's strategic plans, expected goals, policies, and guidelines for addressing climate change;
- Board Secretary Office: Formulate the Company's strategic policies on climate response, review and make decisions on major matters, including issues related to climate change.
- Functional departments of local factories: Undertake the responsibility of formulating and implementing climate change response strategies, report work progress regularly, coordinate resources from all parties, keep close track of policy and regulatory updates, flexibly adjust strategic directions accordingly, and fully advance the green and low-carbon transformation process.

Information Disclosure

03



- Regularly issue the Sustainability Report and continuously update climate change-related information, allowing investors and the public to clearly understand the Company's actions in responding to climate change.

Supervision and Assessment

04



- Incorporate climate change response into the performance appraisal system;
- Regularly review the completion status of climate-related goals and indicators through meetings of the ESG Management Working Group.

Capacity Building

02



- Internal training: Launch training on energy conservation and low-carbon development for personnel in different roles, including new employees, key equipment management posts, and R&D staff; invite industry experts to hold lectures and seminars on climate change.
- External communication: Actively participate in sustainable development-related exchange meetings organized by industry institutions and universities.

Decision Support

05



- In decision-making procedures such as formulating strategic plans and selecting sites for new projects, take climate factors into comprehensive consideration alongside other key factors, including finance and market conditions, so as to ensure the scientificity and sustainability of corporate decisions.

Climate Change Strategy

The Company adopts a pragmatic and forward-looking approach to climate change, actively identifying risks and potential opportunities related to its operations. Based on this understanding, we have initiated comprehensive climate risk assessments and, guided by their outcomes, implemented a series of targeted and impactful strategies aimed at mitigating adverse effects. These efforts are designed to ensure the Company's resilience and sustainable development in the face of increasingly complex and dynamic environmental conditions.



Potential Climate Change Risks

Risk Category		Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Physical Risk	Acute Risk	Extreme weather events such as typhoons and torrential rain may disrupt raw material supply chains or delay product deliveries, affecting operations and customer relationships.	Low	Relatively Low	Short and Medium Term	Upstream, Operations, Downstream	Relatively Low	Increase in Operating Costs Decrease in Operating Revenue	<ul style="list-style-type: none"> Develop and implement detailed emergency response plans to reduce losses from natural disasters. Prioritize employee health and safety by issuing extreme weather alerts and enabling flexible work and production arrangements. Ensure supply chain continuity through contingency plans addressing weather-induced disruptions.
	Chronic Risk	Limited access to water resources could hinder production processes and reduce operational efficiency. Rising sea levels may affect the normal operations of certain subsidiaries, potentially incurring relocation costs. Large-scale public health emergencies could disrupt production.	Low	Medium	Medium and Long Term	Upstream, Operations, Downstream	Medium	Increase in Operating Costs	<ul style="list-style-type: none"> Enhance water resource management during production through the adoption of water-saving technologies and equipment to reduce waste. Incorporate climate risk into site selection for new operational facilities. Develop internal emergency response plans for major public health incidents and maintain essential medical supplies.
Transition Risk	Policy and Regulatory Risk	Increasingly stringent environmental regulations may place restrictions on production, transportation, and sales.	Low	Relatively Low	Medium Term	Operations	Relatively Low	Increase in Operating Costs	<ul style="list-style-type: none"> Establish and enhance environmental management systems with clear responsibilities and standard operating procedures to ensure compliance with evolving regulations.
	Technology Risk	Insufficient investment in low-carbon technologies may result in a lag behind market expectations.	Low	Relatively Low	Short Term	Operations	Relatively Low	Increase in Operating Costs Decrease in Operating Revenue	<ul style="list-style-type: none"> Conduct in-depth market research on energy-saving and carbon-reduction technologies; develop R&D strategies to ensure adequate investment and reduce the technology gap with industry peers.
	Market Risk	As consumers increasingly favor eco-friendly materials and products, failure to adapt product lines may lead to decreased sales and loss of market share.	Low	Relatively High	Medium Term	Operations, Upstream	Relatively High	Decrease in Operating Revenue	<ul style="list-style-type: none"> Increase the share of green product offerings; explore new business areas and markets to reduce dependence on single-industry revenue streams.
	Reputational Risk	Poor performance in addressing climate change may lead to negative public perception and damage corporate reputation.	Low	Relatively Low	Short and Medium Term	Operations	Relatively Low	Increase in Operating Costs Decrease in Operating Revenue	<ul style="list-style-type: none"> Disclose information on carbon emissions, mitigation measures, and outcomes through ESG reports. Maintain proactive communication with stakeholders to build trust and long-term support.

Potential Opportunities of Climate Change

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Technological opportunity	Adoption of eco-friendly raw materials helps reduce the product's carbon footprint.	Medium	Relatively High	Long Term	Operations	Relatively High	Increase in Operating Revenue	<ul style="list-style-type: none"> Use premium bamboo materials to enhance product sustainability and consumer appeal. Align branding with environmental values and promote product sustainability through advertising, social media, and PR initiatives.
Market Opportunity	Growing climate awareness is prompting stricter supplier standards. With stronger climate governance than some peers, the Company is well-positioned to capture increased market share.	Medium	Relatively High	Medium and Long Term	Operations, Downstream	Relatively High	Increase in Operating Costs Increase in Operating Revenue	<ul style="list-style-type: none"> Continue strengthening green operations, eco-design, sustainable manufacturing, packaging, and logistics to enhance competitive advantage.
Resource Optimization	Improve the efficiency of natural resource use, reduce reliance on fossil fuels, increase the proportion of clean energy, and alleviate environmental pressure.	Medium	Medium	Medium Term	Operations	Relatively Low	Reduction in Operating Costs Increase in Operating Revenue	<ul style="list-style-type: none"> Promote resource efficiency through initiatives focusing on energy savings, material efficiency, and performance improvement. Leverage digital platforms for refined operational management and support customers and suppliers in achieving higher resource utilization across the industry.

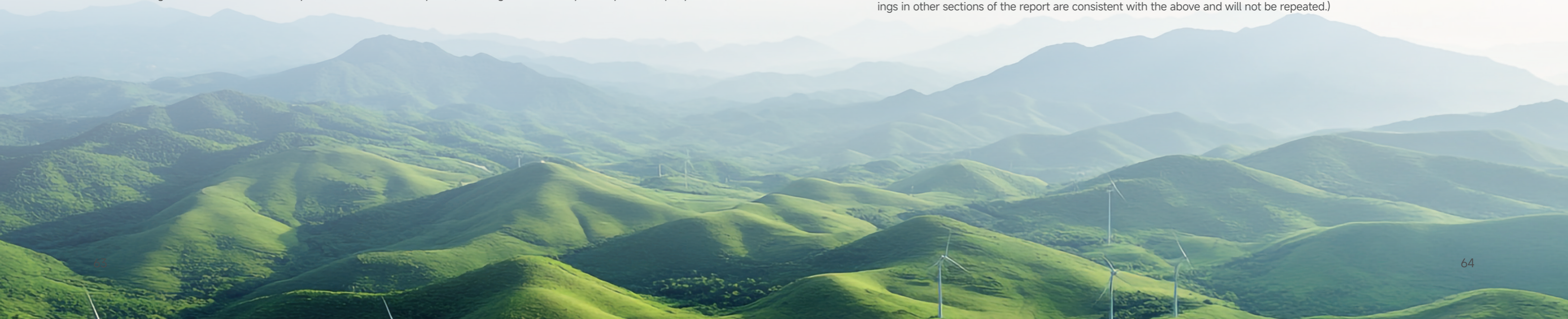
Note:

1. Probability of Occurrence: Refers to the frequency interval and possibility of occurrence of risks/opportunities, determined based on historical probability, external scenarios, policy implementation progress, and expert forecasts. Probability of occurrence ranges from "Low" to "High".
2. Impact Size: Refers to the size of the impact determined by the impact level and the likelihood of occurrence of risk/opportunity, considering factors such as the business model, value chain, and financial impact. Impact magnitude ranges from "Low" to "High".
3. Impact Timeframe: Different risks and opportunities impact the Company in varying time frames. The impact time frame is categorized into short-term (0-1 year), medium-term (1-5 years), and long-term (over 5 years) by the Company.

4. Impact on Value Chain: Refers to upstream (involving raw material suppliers, procurement, and logistics), operations (involving production, manufacturing, and internal processes), and downstream (involving distribution, sales, and customer services).

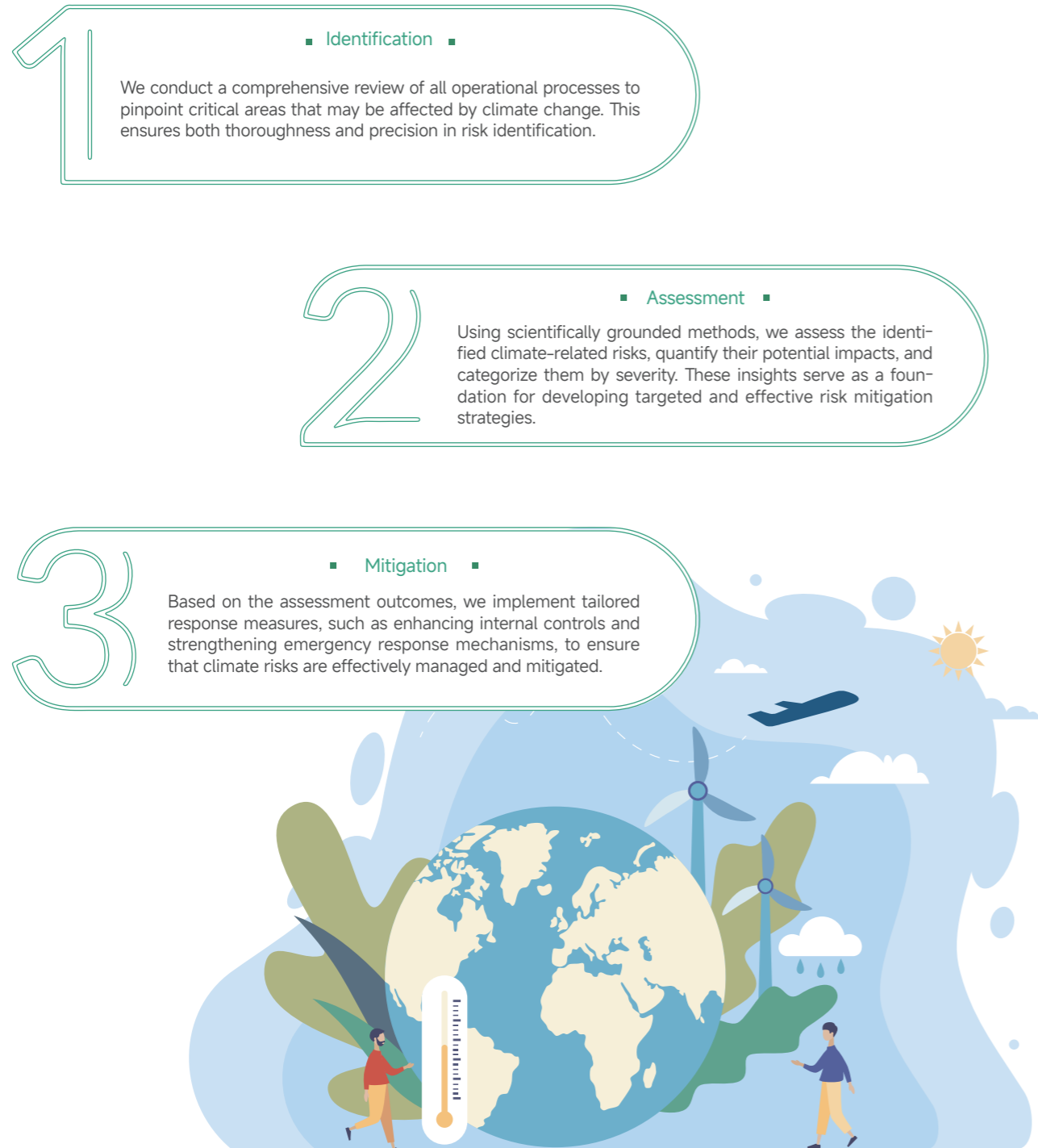
5. Priority Ranking: The risk / opportunity priority is ranked as "Low," "Medium," or "High" based on a comprehensive assessment of probability of occurrence, impact magnitude, and time frame, in combination with the Company's actual situation.

(Note: Definitions of probability of occurrence, impact size, impact timeframe, impact on value chain, and priority rankings in other sections of the report are consistent with the above and will not be repeated.)



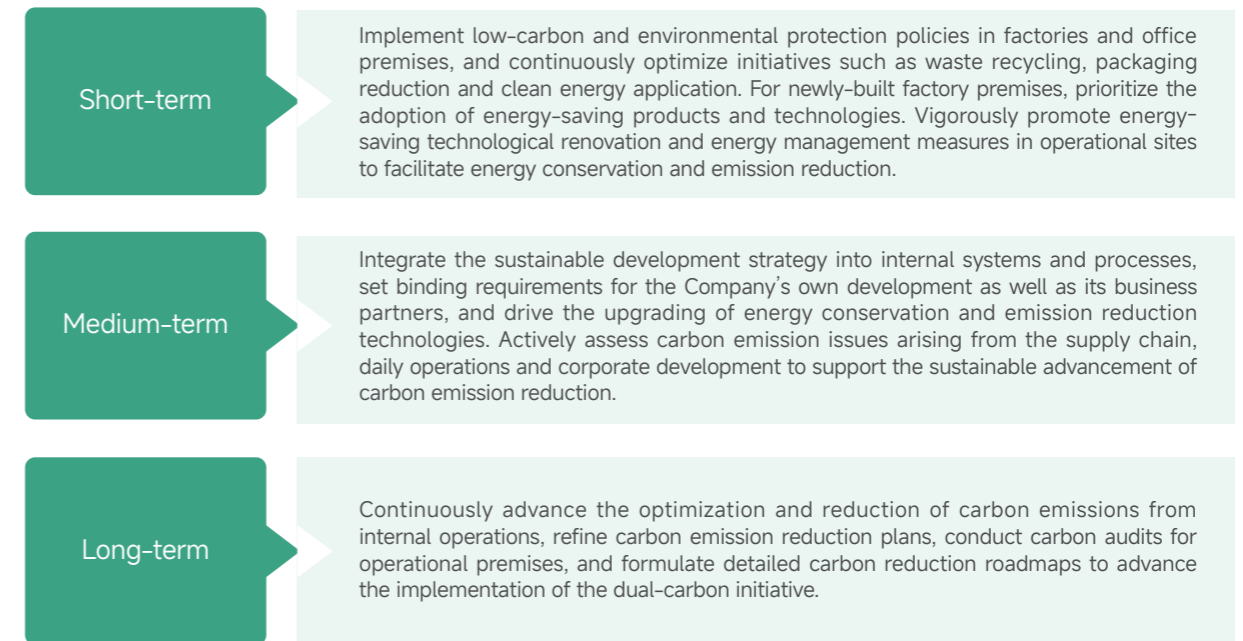
Climate Risk Management

The Company continuously improves the identification, assessment and management processes for climate-related risks and opportunities, and enhances corporate climate resilience, and achieves a transition from passive compliance to proactive leadership.



Climate Metrics and Targets

With a deep understanding of its operational characteristics and long-term sustainability ambitions, the Company has set clear climate-related goals—particularly in reducing greenhouse gas emissions and improving energy efficiency. These goals are supported by innovations in technology and optimization of business models, aimed at achieving a win-win for both economic growth and environmental protection.

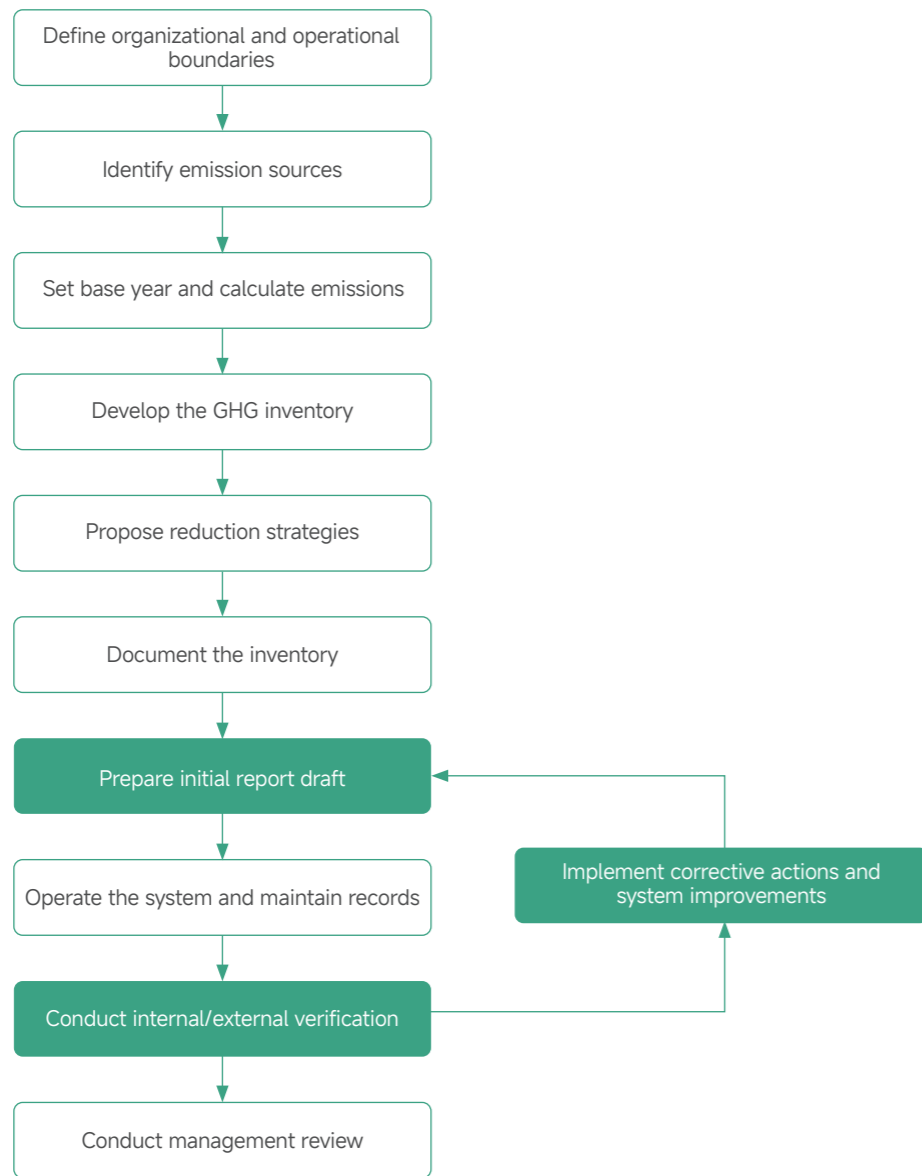


Targets	2025 Progress
By 2030, the Company will promote energy structure optimization and increase the share of renewable energy through measures such as establishing green factories.	Renewable electricity purchased: 9,655,213 kWh PV power generation: 1,645,285 kWh
By 2050, the Company aims to achieve net-zero emissions across its own operations and value chain.	GHG emissions reduction: 9,277.7 tCO ₂ e

Note: The renewable electricity purchased is sourced from wind power.

Carbon Emissions Management

The Company has formulated a *Greenhouse Gas (GHG) Control Procedure* and established a dedicated GHG Inventory and Voluntary Reduction Task Force. The task force is chaired by the Head of the Safety Committee, who oversees daily operations, while the Environmental Manager serves as Executive Secretary, responsible for planning and coordinating all GHG-related initiatives. Using a standardized tool—Activity Data Quality Management Table—the Company systematically collects, manages, quantifies, and inventories its GHG emissions to ensure that decarbonization efforts are carried out effectively and consistently.



GHG Inventory Flowchart

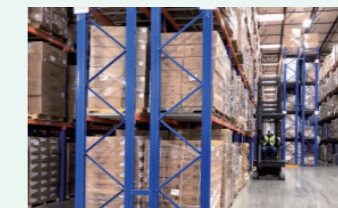
Carbon Emission Reduction Measures

Case Lecangs Green Transition via Full Electrification and Circular Utilization

Aiming to conserve resources and protect the environment, Lecangs has advanced green upgrading since 2023 by adopting clean energy and deepening resource circular utilization, making positive contributions to fostering a green, harmonious and sustainable development environment. At present, fuel-powered forklifts have been largely phased out in Lecangs. Over 500 electric forklifts and AGVs have been put into operation to achieve zero-emission work, cutting carbon dioxide emissions by hundreds of tons every year. New energy yard tractors are deployed outside warehouses to reduce fuel emissions. Meanwhile, the warehouse implements re-stocking of returned goods and adopts recyclable green packaging, lowering the product scrap rate and supporting material recycling.



Electric Forklift



Yard Goat On-site Tractor



Recyclable Packaging

Metric	Unit	2025
Total GHG Emissions (Scope 1 + 2)	tCO ₂ e	17,612.91
GHG emissions intensity (Scope 1 + 2)	tCO ₂ e/ RMB million (revenue)	2.62
Greenhouse Gas Emission Intensity per Unit of Energy Consumption (Scope 1+Scope 2)	tCO ₂ e/ton of standard coal	2.18
Per Capita Greenhouse Gas Emission Intensity (Scope 1+ Scope 2)	tCO ₂ e /person	4.43
Direct GHG emissions (Scope 1)	tCO ₂ e	6,920.38
Indirect GHG emissions (Scope 2)	tCO ₂ e	10,692.53
Greenhouse Gas Offsets (Scope 1 + Scope 2)	tCO ₂ e	9,277.71
Carbon Emission Reductions Equivalent to Clean Energy Power Generation	tCO ₂ e	1,350.78

Note: Clean energy power generation only includes photovoltaic power generation and excludes purchased green electricity.

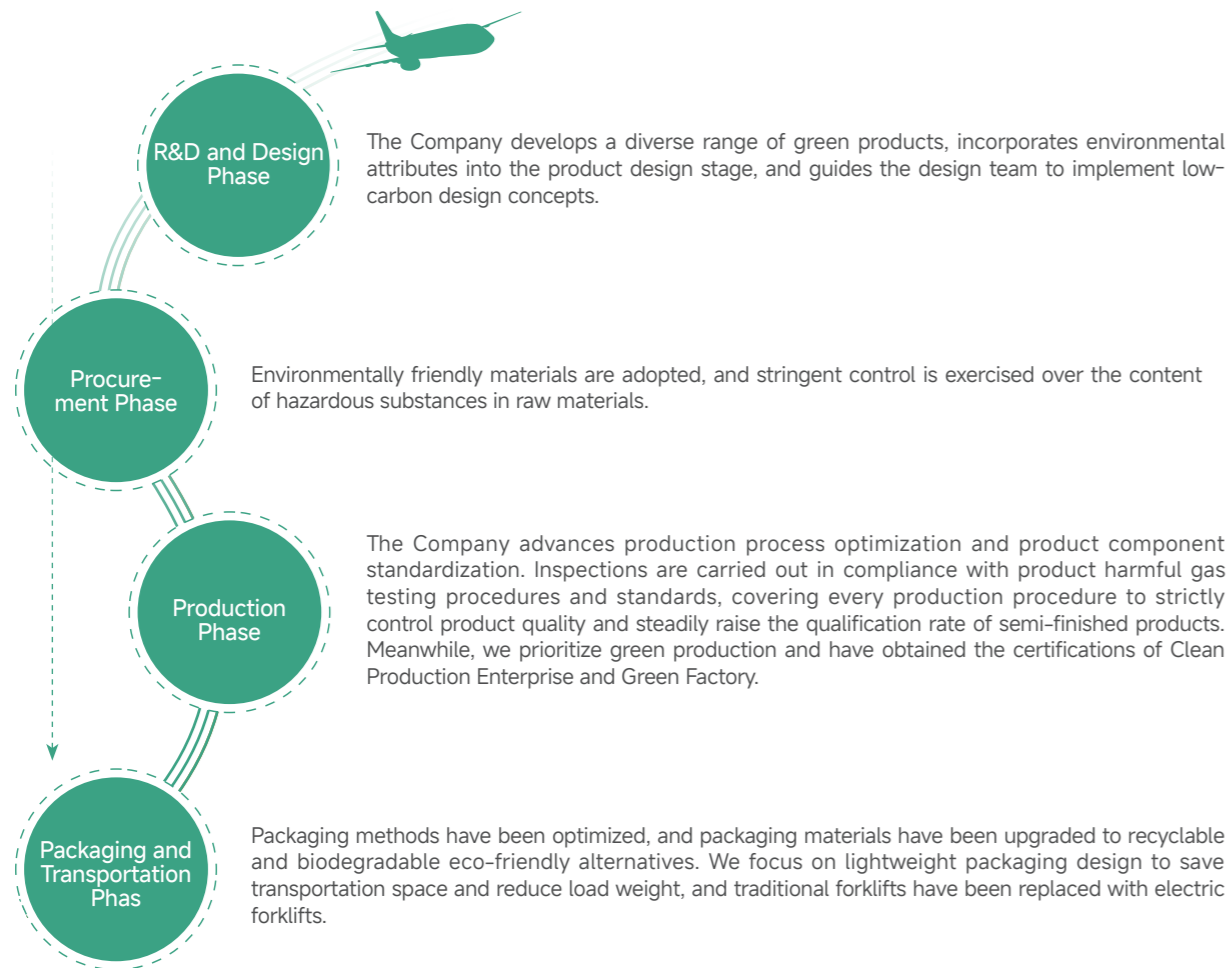
Climate Action

Full Life Cycle Management of Green Products

In active response to the Dual Carbon Goals, the Company upholds the philosophy of green development and integrates green management into every stage of the full product life cycle. By proactively conducting carbon footprint accounting, the Company gains full visibility into product carbon emissions across all phases to ensure compliance with environmental standards and minimize environmental impacts. Covering design, procurement, production, packaging and transportation, the Company fully implements green management strategies. It is committed to building a low-carbon, eco-friendly and sustainable product ecological chain, contributing its efforts to protecting the planet. The Company's products have been awarded the China Environmental Labeling Product Certification Certificate.

During the reporting period

Loctek purchased over **55,000** pieces of bamboo board tables and bamboo boards, with a procurement value of RMB **18.86** million.



China Environmental Labelling Program (CELP) Certificate

Key Performance Indicators

During the reporting period

the Company produced **4.0753** million green products

The proportion of green products in the product portfolio, as well as their share in sales volume and sales revenue, all reached **100%**.



Case Carbon Footprint Practice

From November 2025 to October 2026, the Company's German subsidiary (Flexispot GmbH) completed the ClimatePartner carbon footprint certification and obtained the Climate Protection Partner Certificate. It has offset a total of 35,900 kilograms of carbon dioxide equivalent emissions. By honoring the commitment of "planting one tree per ton of CO₂ offset", the subsidiary achieves corporate carbon neutrality via capital investment and practices green and low-carbon development.



Climate Protection Partner Certificate

Green Factory

Loctek has long been committed to promoting the green production model, making efforts to lower energy consumption and cut emissions. It adheres to a green and sustainable development path, and builds an ecological factory characterized by rooftop power generation, wastewater aquaculture, pleasant natural scenery and abundant fruits and plants. The Company has established a leading group for cleaner production, steadily advanced cleaner production audits, strictly implemented relevant implementation plans, and continuously optimized production processes based on audit results. Thanks to its outstanding performance and remarkable achievements in environmental protection, the Company has been accredited as a National-level Green Factory.



National Green Factory

During the reporting period

The Company completed a self-assessment in accordance with the requirements for enterprises undertaking voluntary cleaner production audits, and implemented corresponding rectification measures.

Rooftop Photovoltaic Power

The Company actively promotes the application of clean energy and makes full use of rooftop space. It has built rooftop photovoltaic power stations with a total installed capacity of over 1,260 kWp. By adopting low-carbon and clean energy supply solutions, the Company reduces energy consumption and carbon emissions, accelerates the optimization and upgrading of the energy structure, and contributes to building a green, low-carbon and sustainable development ecosystem.

During the reporting period

The Company consumed **1,645,285** kWh of photovoltaic power generation, cutting carbon dioxide emissions by **1,350.78** tCO₂e.



Rooftop Photovoltaic

Wastewater Fish Farming

The Company attaches importance to integrating sustainable development with green production. By introducing a biochemical treatment system and high-efficiency microbial degradation technology, harmful substances in wastewater are properly treated. Both effluent water quality and suspended solids concentration comply with regulatory standards. Sewage is upgraded to water quality suitable for fish survival through biochemical treatment, so as to enhance resource recycling and utilization.



Aquaculture with Treated Wastewater

Ecological Vegetable Garden

The Company's Guangxi Manufacturing Base has developed an Ecological Vegetable Garden covering an area of 60 square meters. Utilizing domestic sewage as a nutrient source and adopting sewage reuse technology with water sprinkler irrigation, the base achieves resource recycling while promoting the healthy growth of crops. Currently, the garden successfully cultivates a variety of vegetables, including scallion, water spinach, red amaranth, green amaranth, Malabar spinach, cherry tomatoes, cucumbers, watermelons, and bell peppers.



Ecological Vegetable Garden

Biodiversity Conservation

The Company strictly abides by relevant laws, regulations and policy provisions including *the Soil Pollution Prevention and Control Law of the People's Republic of China* and *the Opinions on Further Strengthening Biodiversity Protection*. It attaches great importance to ecological environmental protection, formulates corresponding institutional rules, and continuously standardizes the impact of its operations on biodiversity. The Company commits to implementing sound environmental management and pollution prevention and control measures in daily operations, ensuring that its operational activities will not exert any adverse impacts on the local ecological environment. As of the end of the reporting period, none of the Company's production bases are located in important or sensitive biodiversity conservation areas, and no incidents damaging biodiversity have occurred.

Biodiversity Conservation Measures	
Source Control	Conduct heavy metal testing on raw materials to ensure they are free from environmentally hazardous substances.
Production Process	Recycle organic solvents used in production to prevent air pollution.
Waste Management	Promote source reduction and resource utilization of solid waste, cut waste emissions across the whole production process, and mitigate adverse impacts on biodiversity.
Logistics & Transportation	Adopt degradable plastic bags to reduce pollution to soil, water bodies and marine ecosystems.

Environmental Management

Environmental Governance

Loctek adheres to the environmental policy of "Environmental Protection, Pollution Prevention, Energy Conservation and Continuous Improvement". The Company has formulated internal regulations including *the Environmental Management Rules, Environmental Manual and Environmental Procedure Documents*, establishing a multi-level and comprehensive environmental management system. As the top-level designer and core supervision body for the Company's environmental protection work, the Board of Directors is responsible for the overall coordination of relevant management matters and assumes ultimate accountability when necessary. On this basis, the Company has set up an Environmental Protection Leading Group headed by the General Manager to coordinate and advance various environmental protection initiatives. Meanwhile, an environmental responsibility assessment mechanism has been established and incorporated into the overall performance appraisal system to strengthen all employees' awareness of environmental accountability. As the functional implementation department, the Health, Safety and Environment (HSE) Department undertakes full-process supervision of environmental management. It regularly carries out cleaner production activities in strict accordance with standardized procedures to ensure the effective implementation of all environmental protection systems.

During the reporting period

The Company obtained the ISO 14001 Environmental Management System Certification. No major environmental incidents occurred, nor were any administrative penalties imposed by government environmental authorities.



Loctek ISO 14001 Environmental Management System Certificate



Guangxi Factory ISO 14001 Environmental Management System Certificate



Jiangshan Factory ISO 14001 Environmental Management System Certificate

Key Performance Indicators

2025	Environmental Protection Investments	Environmental Protection Tax
	RMB 2.2987 million	12,200 RMB
	Environmental Pollution Incidents	Proportion of Total Environmental Investment in Operating Revenue
	0 Case	0.30 %



Environmental Publicity

The Company attaches great importance to fostering employees' environmental awareness and has formulated the *Environmental Training Management System*. It invites professionals in environmental protection, workplace safety and fire protection to deliver training sessions and lectures on emergency response knowledge. Through hanging environmental protection slogans and setting up environmental publicity boards, the Company advocates eco-friendly values among staff, standardizes environmental training arrangements, and clarifies training content and requirements for employees at all levels. This helps to improve employees' professional competency in environmental management and prevent environmental incidents.

Case Environmental Protection Training Series at Binhai Factory

To comprehensively enhance employees' environmental responsibility awareness and professional competence, Binhai Factory organized two special environmental protection training sessions in August and November 2025. The training covered the standardized disposal of hazardous waste, environmental risk control in confined spaces, as well as the popularization of environmental protection laws, regulations and relevant professional knowledge. It further deepened all employees' understanding of environmental protection work, and effectively strengthened their awareness and capability to implement environmental protection measures and improve environmental compliance in daily operations. The training achieved a 100% participation coverage and a 100% assessment pass rate, injecting new momentum into the factory's green and high-quality development.

Key Performance Indicators

During the reporting period, the Company conducted **19** internal and external environmental protection training sessions, attracting **3,614** person-times of participation with a total environmental training duration of **32** hours.





Environmental Strategy

As part of its operational strategy, the Company proactively identifies potential environmental risks and opportunities. By leveraging scientific methodologies and advanced technologies, Loctek systematically analyzes environmental factors that could impact its business. This risk-based approach enables the Company to implement targeted measures to mitigate threats and capitalize on opportunities, thereby laying a solid foundation for long-term sustainable growth.

Potential risks in environmental management

Risk Category	Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Regulatory Compliance	Increasingly stringent environmental regulations may result in penalties or operational disruption if not followed.	Low	Relatively Low	Short Term	Operations	Relatively Low	Increase in non-operating expenses	<ul style="list-style-type: none"> Maintain an environmental management system, clarify roles and responsibilities, and conduct regular audits.
Air Emissions	Emissions from production processes could exceed regulatory limits if control systems malfunction or are inadequate.	Relatively Low	Relatively Low	Short Term	Operations	Relatively Low	Increase in Operating Costs	<ul style="list-style-type: none"> Regularly monitor emissions, conduct routine maintenance of treatment systems, and ensure full compliance.

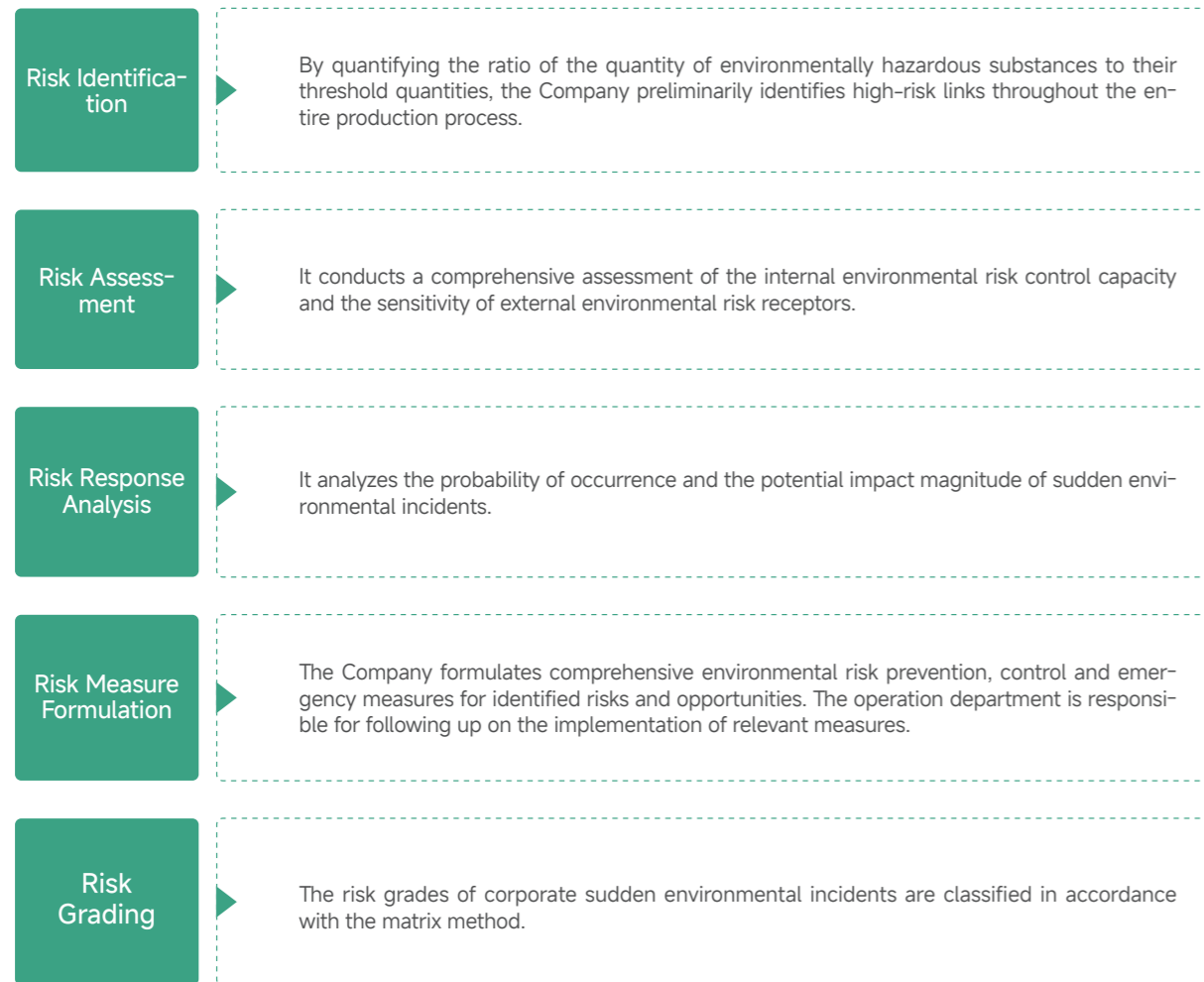
Potential Opportunities in Environmental Management

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Market Opportunity	Growing consumer demand for eco-friendly products presents an opportunity to develop and promote sustainable, recyclable, and energy-efficient offerings.	Medium	Relatively High	Medium and Long Term	Operations	Relatively High	Increase in Operating Revenue	<ul style="list-style-type: none"> The company can develop and promote more eco-friendly, energy-saving, and recyclable products to meet consumers' demand for green office solutions and explore new market space.

Environmental Risk Management

Identification and Assessment

To effectively prevent environmental risks, the Company implements the Environmental Aspect Evaluation and List of Significant Environmental Aspects. It comprehensively identifies and evaluates environmental risk factors arising from production activities, minimizes and eliminates potential environmental risks to the greatest extent, and strengthens the overall environmental management and control capability of the Company.



Environmental Hidden Hazard Inspection

In strict compliance with environmental protection laws, regulations and industrial standards, the Company actively carries out inspections on environmental hidden hazards. It conducts detailed checks on links including waste gas, wastewater, noise and solid waste disposal in the production process, striving to fully identify and rectify all potential environmental risks. The inspection work is implemented in a thorough and pragmatic manner without omissions or formalities, laying a solid environmental foundation for the Company's sustainable development.

Key Performance Indicators

During the reporting period, the Company conducted **20** environmental hidden hazard inspections, with a hidden hazard rectification rate of **100%**.



Decontamination Furnace Waste Gas Discharge Outlet Signage (Before Rectification)



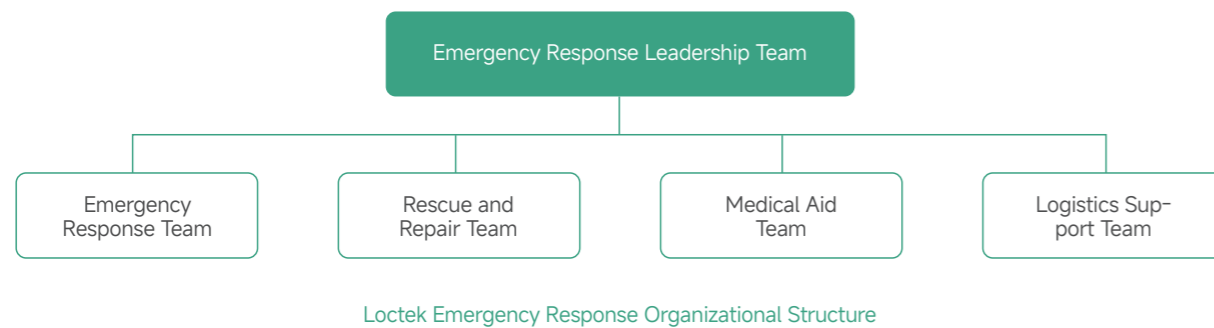
Decontamination Furnace Waste Gas Discharge Outlet Signage (After Rectification)

Environmental Monitoring

The Company has established a systematic environmental monitoring mechanism and set up standardized monitoring points for water, air, noise and solid waste. It clarifies monitoring indicators, frequencies and procedures, and adopts a combined model of self-monitoring and third-party inspection. Online monitoring devices operate networked as required to ensure monitoring data is authentic and traceable. Meanwhile, the Company fulfills its statutory obligations for environmental information disclosure. It publicly releases environmental information including self-monitoring data, pollutant emissions and environmental governance progress on designated platforms in accordance with regulations, and voluntarily accepts regulatory and public supervision.

Emergency Response Management

The Company has established the *Emergency Response Plan for Environmental Incidents*, which addresses risks associated with storage, usage, and disposal processes, including explosions, fires, leaks, and abnormal emissions. The plan also covers incidents triggered by natural disasters. A real-time monitoring and early warning system has been implemented to proactively prevent environmental pollution incidents. During the reporting period, no environmental violations or pollution events were recorded.



Case Fire Emergency Drill

On December 15, Loctek invited professional members from the Blue Sky Rescue Team of Yinzhou District, Ningbo, to jointly organize a systematic fire safety training and practical emergency drill. Adopting a multi-dimensional model of theoretical teaching + hands-on operation + scenario simulation, the activity effectively enhanced employees' fire safety awareness and emergency response capabilities, laying a solid foundation for consolidating the enterprise's work safety defense line.



Case Analysis



Practical Operation

LOCTEK

Case Hazardous Waste Leakage Emergency Response Drill

In June, Jiangshan Factory and Guangxi Factory organized a hazardous waste leakage emergency response drill, simulating the scenario of accidental tipping of waste engine oil barrels during loading and unloading operations. The emergency team responded rapidly. It contained the leakage effectively through key procedures including building sand berms to block diffusion, adsorbing and covering pollutants for collection, and standardizing the sealing and packaging of contaminated waste. The drill verified the practicability of emergency workflows and reserved supplies, and greatly improved employees' on-site teamwork and risk disposal capabilities.



Jiangshan Factory Hazardous Waste Leakage Emergency Response Drill

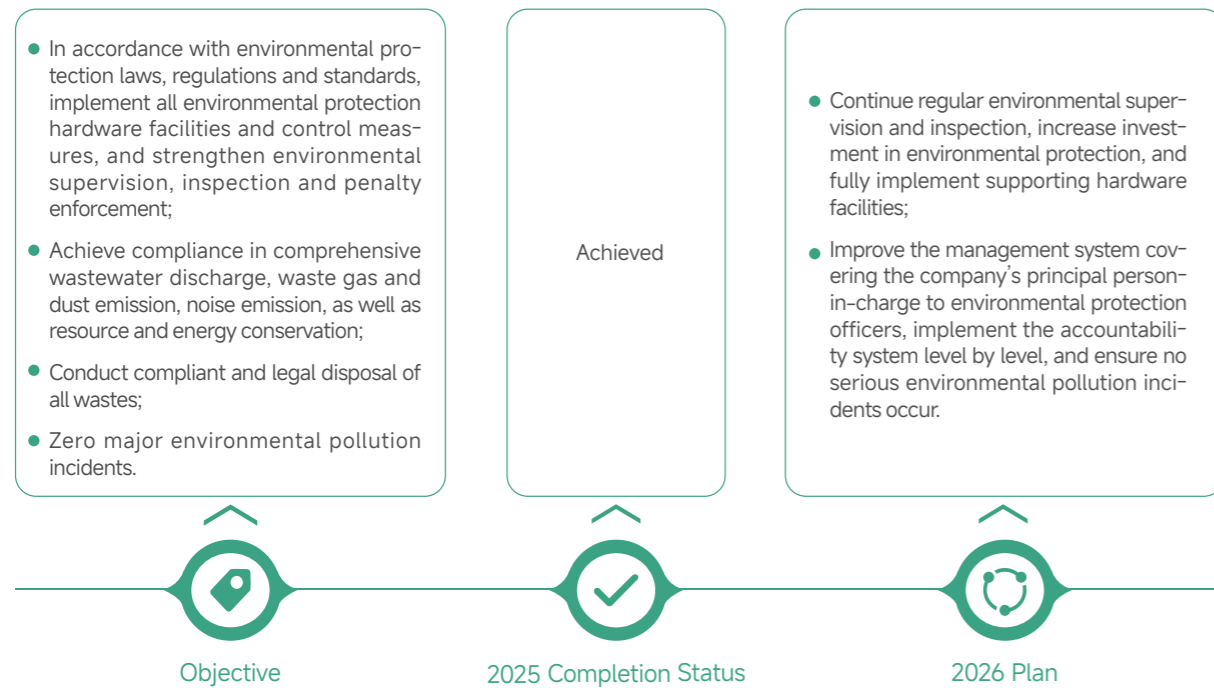


Guangxi Factory Hazardous Waste Leakage Emergency Response Drill



Environmental Metrics and Targets

The Company is committed to resourcing conservation and environmental protection, utilizing clean energy, improving resource recycling, and promoting cleaner production methods. These efforts aim to reduce pollutant emissions at the source, prevent environmental accidents, and contribute to building a green, harmonious, and sustainable development environment.



Pollutant Discharge Management

The Company attaches great importance to pollutant emission management, and regards it as a crucial part of practicing the green development philosophy and fulfilling social responsibilities. As the top-level designer and supervisory core of the Company's pollutant management work, the Board of Directors exercises overall coordination over relevant management affairs and bears ultimate overall accountability. Meanwhile, the Company has established an environmental protection leading group led by the General Manager to coordinate and advance all environmental protection work. It has formulated a pollutant accountability assessment system and incorporated it into the performance appraisal mechanism, so as to strengthen the awareness of environmental responsibility among all staff. As the dedicated executive department, the Health, Safety and Environment (HSE) Department is in charge of the full-process management and control of wastewater, waste gas and solid waste. It conducts cleaner production in compliance with relevant standards to ensure the effective implementation of environmental protection rules and regulations. In addition, the Company adopts environmentally friendly coatings with nearly zero volatile organic compound (VOC) emissions. By virtue of process innovation, waste recycling and reuse, improved utilization of circulating water and other measures, the Company reduces the generation of the "three wastes" and achieves cleaner production.

Wastewater Management

The Company has formulated the *Wastewater Management Regulations* to standardize wastewater treatment and discharge procedures. It regularly entrusts qualified third-party testing institutions to conduct wastewater monitoring, ensuring all sewage is discharged in compliance with relevant standards.

During the reporting period

The sewage treatment station of Binhai Manufacturing Base completed technological upgrading, with its discharged water quality meeting the national Class I wastewater standard.

Wastewater Type	Monitoring Procedure	Disposal Method
Pickling wastewater, silanization wastewater, initial rainwater, production wastewater	Annual regular sampling and testing	<ul style="list-style-type: none"> ● Introduce advanced intelligent integrated wastewater treatment equipment to scientifically treat production wastewater. Part of the treated production wastewater is recycled and reused to improve water resource utilization efficiency. The remaining wastewater is discharged into the municipal pipe network in compliance with regulations, safely delivered to sewage treatment plants for advanced treatment, and finally discharged only after meeting water quality standards. ● Canteen wastewater undergoes oil separation pretreatment, then is treated in septic tanks together with other domestic sewage. It is eventually connected to the municipal pipe network and centrally treated by sewage treatment plants before standard-compliant discharge.
Domestic sewage		<ul style="list-style-type: none"> ● Canteen wastewater undergoes oil separation pretreatment, then is treated in septic tanks together with other domestic sewage. It is eventually connected to the municipal pipe network and centrally treated by sewage treatment plants before standard-compliant discharge.

Key Performance

Total Wastewater Discharges

84,561 tons

Wastewater Discharge Intensity

12.59 tons/RMB million (revenue)



Air Emissions Management

The Company has formulated the *Waste Gas Management Regulations* and strengthened waste gas management by installing oil fume purifiers and intensifying daily maintenance of relevant equipment. Major pollutants generated during operation include welding waste gas, polishing dust, powder coating and curing waste gas (including natural gas combustion flue gas), as well as canteen oil fume. All types of waste gas are collected and treated by water spray scrubbers, then discharged through a 15-meter-high exhaust stack. Canteen oil fume is processed by oil fume purifiers and discharged via exhaust stacks above the roof of the canteen building.

During the reporting period

All waste gas emissions of the Company fully complied with regulatory standards.

Air Emissions Reduction Measures	
Source Control	<ul style="list-style-type: none"> Select equipment, raw materials, and fuels that produce minimal or low levels of air pollutants; Replace acidic powder coating agents with alkaline alternatives to reduce acidic emissions; Minimize the use of gas-shielded welding by implementing alternative techniques such as spot welding and laser welding, thus reducing air emissions; Shorten raw material supply cycles to reduce rusting and product defect rates, thereby reducing the need for pickling processes and limiting emissions.
Process Control	<ul style="list-style-type: none"> In areas where odors may arise, departments implement effective protective measures, ensuring proper ventilation and requiring operators to strictly adhere to operational protocols; In dust and smoke-generating areas, responsible departments implement dust control measures, and operators are provided with protective equipment to minimize dust and smoke generation and dispersion.

Key Performance

Waste Gas Emissions 65,235.13 tons	Waste Gas Emission Intensity 9.72 tons/RMB million (revenue)
--	--

Waste Management

The Company adheres to the principle of “prevention first, integrated prevention and control” in environmental protection, as well as the “3 In-Parallels” rule (environmental protection facilities must be designed, constructed and commissioned in parallel with the main work). The Company has developed an *Environmental Waste Management System, Hazardous Waste Management Policy and Hazardous Waste Pollution Control Responsibility System*, which clearly define the procedures for waste generation, collection, storage, and disposal to ensure compliance with national laws and regulations.

In partnership with Zhejiang Province’s solid waste disposal platform, the Company has advanced the construction of a digital hazardous waste warehouse. Each bag of solid waste is assigned a unique QR code, enabling real-time tracking and data management through the Zhejiang Province Solid Waste Management System, thereby greatly enhancing the precision of waste management practices.

Waste Type	Major Waste Products	Disposal Measures
General Waste	Waste wood boards, wood chips, waste fabric, waste wire, waste metal scraps, waste plastic, etc.	<ul style="list-style-type: none"> Recyclable materials are collected for reuse or sale. Non-recyclable materials are collected by sanitation departments for disposal.
Hazardous Waste	Hazardous sludge, furnace slag, laboratory waste containers, waste paint buckets, waste glue blocks	<ul style="list-style-type: none"> Hazardous waste is stored in a separate, compliant temporary storage area with dedicated management. Transferred to a qualified third-party organization for professional treatment, with treatment records retained.

Key Performance

Non-hazardous Waste Generation 2,154.04 tons	Non-hazardous Waste Disposal Volume 2,154.04 tons	Non-hazardous Waste Discharge per Million Revenue 0.32 tons/RMB million (revenue)
Hazardous Waste Generation 229.55 tons	Hazardous Waste Disposal Volume 229.55 tons	Hazardous Waste Discharge per Million Revenue 0.03 tons/RMB million (revenue)
Total Recycled & Reused Waste 972.85 tons	Total Waste Recycling & Reuse per Million Revenue 0.03 tons/RMB million (revenue)	Proportion of Recycled & Reused Non-hazardous Waste 45.16 %

Noise Emissions Management

The primary sources of noise within the Company include air compressors, punch presses, and other similar equipment. To manage noise levels, the Company has implemented a *Noise Control Procedure*, which outlines the requirements and principles for noise control. During the equipment selection process, the company prioritizes the use of environmentally friendly, low-noise screw compressors to reduce noise generation. Regular maintenance of noise-reducing silencers and vibration dampers is conducted to further minimize noise. Additionally, the Company commissions local government environmental protection agencies to perform annual noise monitoring to ensure compliance with national industrial noise emission standards at the factory boundary.

During the reporting period

The Company’s noise emissions were fully compliant with regulatory limits.

Resource Efficiency

Energy Management

Energy Governance

Loctek upholds the philosophy of "prioritizing energy conservation, focusing on efficiency, pursuing sustainable development, driven by innovation, and advancing overall coordination". The Company has formulated a series of internal systems such as the *Energy Management Regulations and Energy and Resource Control Procedures*. A dedicated functional department is established to implement regular special management and control. The senior management assumes overall leading responsibilities with a clear division of authority and accountability, while the Board of Directors exercises overall coordination and bears ultimate accountability for relevant management affairs. Meanwhile, the Company has set energy management targets. It compiles monthly energy consumption statistics, conducts regular inspections and unscheduled random checks on energy usage, and incorporates the effectiveness of energy management into the performance appraisal system for management staff.

Energy Strategy

The Company proactively identifies and thoroughly evaluates energy-related risks, carefully pinpointing potential vulnerabilities. Based on these assessments, a range of targeted strategies and measures are employed to ensure robust and efficient energy management.



Potential Risks of Energy Management

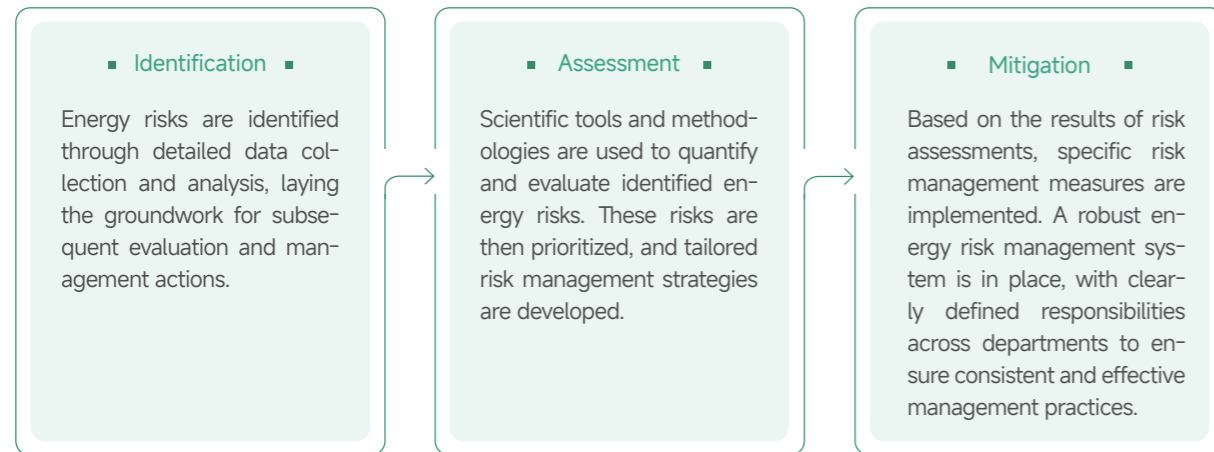
Risk Category	Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Energy Price	Fluctuating prices for energy sources (e.g., electricity, natural gas) could lead to increased production costs, impacting profit margins.	Low	Relatively Low	Short and Medium Term	Operations	Relatively Low	Increase in Operating Costs	<ul style="list-style-type: none"> Diversify the energy mix by incorporating renewable sources such as solar and wind power to reduce dependency on conventional energy.
Energy Efficiency	Low energy efficiency could result in wasted energy, raising production costs. Inefficiency may also exacerbate environmental impacts, misaligning with the goals of green production and sustainability.	Low	Relatively Low	Medium Term	Operations	Medium	Increase in Operating Costs	<ul style="list-style-type: none"> Replace outdated, high-energy-consuming equipment with energy-efficient models. Implement regular maintenance to optimize performance and reduce energy waste.

Potential opportunities in energy management

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Energy Transition	Green production has become a central focus of corporate strategy. The company is transitioning to a more sustainable energy structure, increasing the use of renewable energy.	Medium	Medium	Medium and Long Term	Operations	Relatively High	Reduction in Operating Costs	<ul style="list-style-type: none"> Give priority to the use of new energy work vehicles to replace traditional fuel vehicles and reduce carbon emissions.

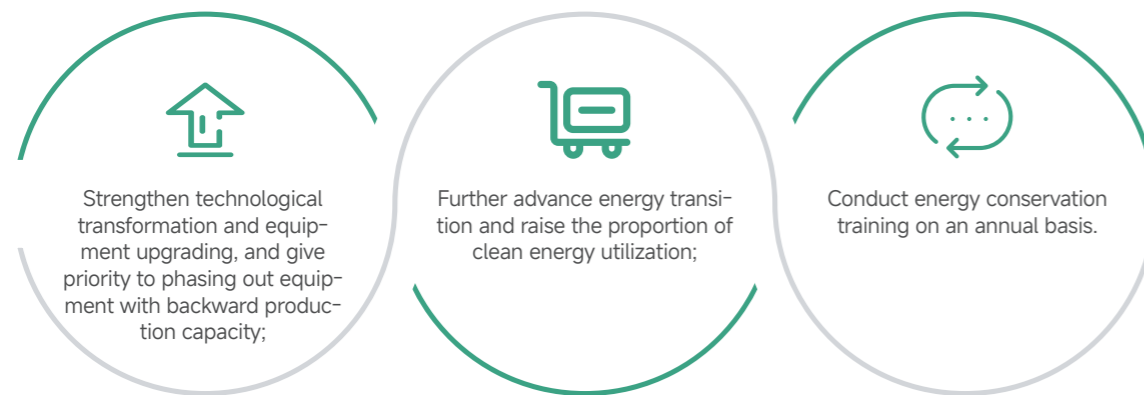
Energy Risk Management

The Company employs a comprehensive, systematic approach to energy risk management that spans identification, assessment, and management. This process ensures a thorough understanding and effective control of energy risks, promoting the safe, efficient use of energy and providing a strong foundation for stable, long-term growth.



Energy Metrics and Targets

The Company formulates energy consumption quotas and target plans based on production schedules and actual equipment operating conditions. Relevant indicators are decomposed down to work teams and individual machines, with responsibilities assigned to specific individuals. To standardize management, the Company has established an energy consumption assessment system to supervise all departments and staff in strictly abiding by energy usage standards, further advancing energy conservation and emission reduction initiatives.



Energy Targets and Plans

Key Performance

Total Energy Consumption

8,081.76 tce

Total Energy Consumption per Million Revenue

1.20 tons/RMB 1 million (revenue)

Total direct energy consumption

4,216.28 tce

Including: Natural Gas

2,7189 million Nm³

Diesel

11.86 tons

Liquefied Petroleum Gas (LPG)

340 tons

Total Indirect Energy Consumption

3,865.48 tce

Total Purchased Electricity

20,151,771 kWh

Purchased Renewable Electricity

9,655,213 kWh

Photovoltaic Power Generation

1,645,285 kWh



Note: The purchased renewable electricity comes from wind power generation.



Energy Conservation and Emission Reduction Measures

The Company has formulated the *Energy Conservation and Emission Reduction Management Regulations*. It rationally utilizes various resources including water, electricity, coal and oil products, and actively carries out energy-saving and emission-reduction initiatives. By adopting multiple measures such as optimizing equipment allocation and upgrading production techniques and workflows, the Company cuts down energy consumption and improves energy utilization efficiency.

Energy Conservation Measures

<p>Energy Mix Adjustment</p>	<ul style="list-style-type: none"> The Company has strategically adjusted its energy consumption mix by purchasing green electricity and reducing reliance on non-renewable resources.
<p>Technology Upgrading</p>	<ul style="list-style-type: none"> The Company has comprehensively upgraded the heating systems of two powder coating and drying production lines and replaced them with oxygen-enriched combustion systems. Featuring high efficiency and full combustion performance, the new systems improve thermal efficiency by 10%-30%. Meanwhile, they effectively reduce emissions of nitrogen oxides (NOx), sulfur oxides (SOx) and particulate matter, achieving superior environmental protection and emission reduction effects.
<p>Technological Improvement and Innovation</p>	<ul style="list-style-type: none"> The Company has carried out technological innovation on the heating system of pretreatment liquid for the powder coating line, abandon the original heat exchange mode of heating water by low-pressure boilers, and adopt the pre-heating and waste heat recovery method of the drying line to heat the liquid medicine.
<p>Process Improvement</p>	<ul style="list-style-type: none"> The Company has promoted the integrated transformation of laser welding, grinding and inspection, and adopted robots for automatic loading and unloading, integrate welding and grinding processes, and replace manual full inspection with machine vision. This reduces the need for four operators, eliminates misjudgments caused by human eye fatigue, improves production capacity, and lowers product manufacturing costs. The Company has implemented the upgrade of the ET156 lead screw gearbox automatic assembly line, reuse the original ET114 lead screw automatic line after optimization to save equipment manufacturing costs, amd adopted vision technology for model selection and assembly to enhance the intelligence level of the production line and increase production capacity.
<p>Green Transportation</p>	<ul style="list-style-type: none"> The Company has adopted Automated Guided Vehicles (AGVs) and electric forklifts for material handling, gradually phasing out diesel-powered forklifts. This shift contributes to significant reductions in diesel consumption and CO₂ emissions.

Digital Energy Management Platform

The Company has implemented a digital energy management system to continuously monitor and record energy consumption in real-time, covering electricity, water, gas, and other energy sources. Through comprehensive data collection and analysis, the system supports refined energy management practices and informs the development of energy-saving strategies, enabling the Company to optimize its energy usage.



Digital Energy Management System

Water Resource Management

The Company has introduced the *Regulations on Rational Use of Heat and Water*, designed to regulate employee water consumption, promote water conservation awareness, and reduce water wastage at the source. This initiative supports the sustainable use of water resources and has earned the company recognition as a Water-Efficient Enterprise by both Zhejiang Province and Ningbo City.

Key Performance

<p>Total Water Consumption</p> <p>253,677 tons</p>	<p>Water Consumption Intensity</p> <p>37.78 tons/RMB million (revenue)</p>
<p>Total Recycled Water</p> <p>31,230 tons</p>	<p>Water Recycling and Reuse Rate</p> <p>12.31 %</p>



Water Conservation Measures

Water Resources Targets and Plans	<ul style="list-style-type: none"> Gradually raise the water recycling rate; Organize water-saving training every year.
Technological innovation	<ul style="list-style-type: none"> Introduce new spraying production lines. The pretreatment lines adopt the combined process of "immersion + spraying + air blow" drying to reduce overflow of cleaning water and realize water conservation.
Pipeline and Equipment Maintenance	<ul style="list-style-type: none"> Focus on the inspection, maintenance and renovation of water supply pipelines and facilities. Conduct regular weekly patrols and inspections, and replace aging water supply pipelines and equipment. Strictly prohibit water leakage, seepage and running water waste.
Source Reduction	<ul style="list-style-type: none"> Collect rainwater, and reuse purified rainwater for scenarios such as rinsing on coating lines, canteen vegetable washing, ground flushing, laundry cleaning, and staff bathing; Adopt water supply and consumption systems featuring recycled and cascaded water utilization to reduce fresh water make-up volume and improve the efficiency of cooling water systems and other water-consuming facilities.
Water-saving Promotion	<ul style="list-style-type: none"> Install water-saving notice boards in office areas, carry out water-saving publicity and education, and enhance employees' awareness of water conservation.

Materials Management

The primary raw materials used in production include raw and auxiliary materials, along with packaging materials. Raw materials consist of cold-rolled steel, plastic powders, hydrochloric acid, degreasing agents, neutralizers, silane agents, activators, liquid oxygen, welding wire, etc. Packaging materials primarily include plastics and wood.

To effectively manage material consumption, the Company has formulated the Material Quota Issuance and Requisition System based on actual operational conditions. The Board of Directors is responsible for top-level overall planning and ultimate accountability, while senior management takes charge of the administration of raw materials and packaging materials. The Materials Department implements full-process supervision and control. By strengthening technical process management and strictly regulating material consumption in production procedures, the Company minimizes waste at the source, lowers production costs, and improves overall operational efficiency.

Key Performance	
Total Packaging Materials used	Packaging Material Consumption per Million Revenue
3,114 tons	0.46 tons/RMB million (revenue)
Cartons	Plastic Packaging Materials
2,558 tons	556 tons

Hazardous Substance Management

The Company has developed a *Hazardous Substance Control Procedure*, ensuring that all raw materials and products entering the supply chain comply with RoHS standards. This helps ensure that products are both environmentally friendly and safe for human health, reinforcing the Company's commitment to green development. Furthermore, the Company actively participates in the formulation of national standards, including *GBT 27410-2007-2021 Guidelines for Chemical Hazard Characterization and Exposure Assessment of Consumer Products*, helping to drive industry-wide efforts to reduce the use of hazardous substances.

Case Chemical Safety Training at Binhai Factory

In December, the Binhai Manufacturing Base launched chemical safety training. The training offered an in-depth interpretation of the full life cycle management of chemicals, raising production employees' awareness of the safe usage and management of chemical substances. It prevents leakage and pollution from the source and effectively safeguards ecological and environmental safety.



Training Site

Green Office

The Company actively practices the green office philosophy and integrates the green strategy of balancing corporate development and ecological protection into daily operations to foster a sustainable office model. At the end of 2024, the Company relocated to a new office building. The new building adopts energy-efficient designs in the building envelope, HVAC systems, lighting and other aspects, and has established a regular mechanism for energy conservation and consumption reduction. The company monitors, analyzes and optimizes the energy consumption of each department every quarter to implement the green development philosophy.

Green Office Initiatives

Build a green office environment	<ul style="list-style-type: none"> Indoor potted plants are maintained to create an eco-friendly atmosphere. The company advocates water and electricity conservation, and is equipped with energy-saving intelligent sensor devices.
Encourage green commuting	<ul style="list-style-type: none"> Employees are encouraged to use new energy vehicles. New energy charging piles have been installed and dedicated parking areas for electric vehicles have been designated to foster an EV-friendly environment. Staff are advised to commute by public transport whenever possible to reduce pollutant emissions from private cars
Promote paperless office	<ul style="list-style-type: none"> Double-sided printing is prioritized and color printing is reduced. Office supplies are used rationally to cut down on resource waste.
Implement digital office	<ul style="list-style-type: none"> Online document transmission is adopted via platforms including the OA system, WeCom and Lark, so as to reduce paper usage.
Arrange waste sorting bins	<ul style="list-style-type: none"> Four-color classified waste bins with clear labels are placed across the premises to facilitate standardized waste sorting by employees.



Practice Green Office

R&D Quality: Driving Sustainable Development Through Innovation

Company Actions

- R&D System Construction
- Advance New Quality Productive Forces
- Intellectual Property Protection
- Product Quality Assurance
- Quality Service
- Sustainable Supply Chain

SDGs



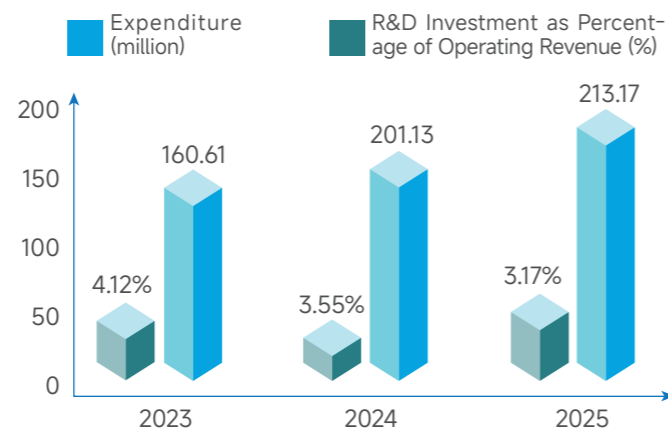
R&D System Construction

R&D Governance

With the vision of “becoming a future-ready enterprise that serves society through technology and innovation”, Loctek has established a scientific and standardized R&D innovation framework. We have developed key internal systems including the *Project Management Policy*, *Design Management Procedures*, *Product Certification Process* and *New Product Pilot Run and Launch Procedures*, which enable end-to-end control over the development process. This integrated system ensures standardized, compliant product development and facilitates the seamless transition from R&D to mass production. Our development cycle follows a closed-loop process of Needs Identification – Innovative R&D – Compliance Certification – Mass Production, continuously enhancing our technological competitiveness.

Key Performance

During the reporting period
total R&D expenditure reached
RMB **213.1734** million
representing
3.17 % of total revenue.



We remain committed to maintaining a high level of R&D investment to support sustained innovation.

Innovation Incentives

To spark innovation and encourage employee engagement, we have implemented a comprehensive incentive system, including the *Project Development Incentive Policy*. Our dual-track “Innovation + Growth” model features both short-term rewards—such as project bonuses, patent incentives, quarterly performance bonuses, and annual awards—and long-term incentives like equity plans and housing support schemes. These mechanisms foster a strong innovation culture and provide long-term development pathways for R&D talent.



Person of the Year Awards

During the reporting period

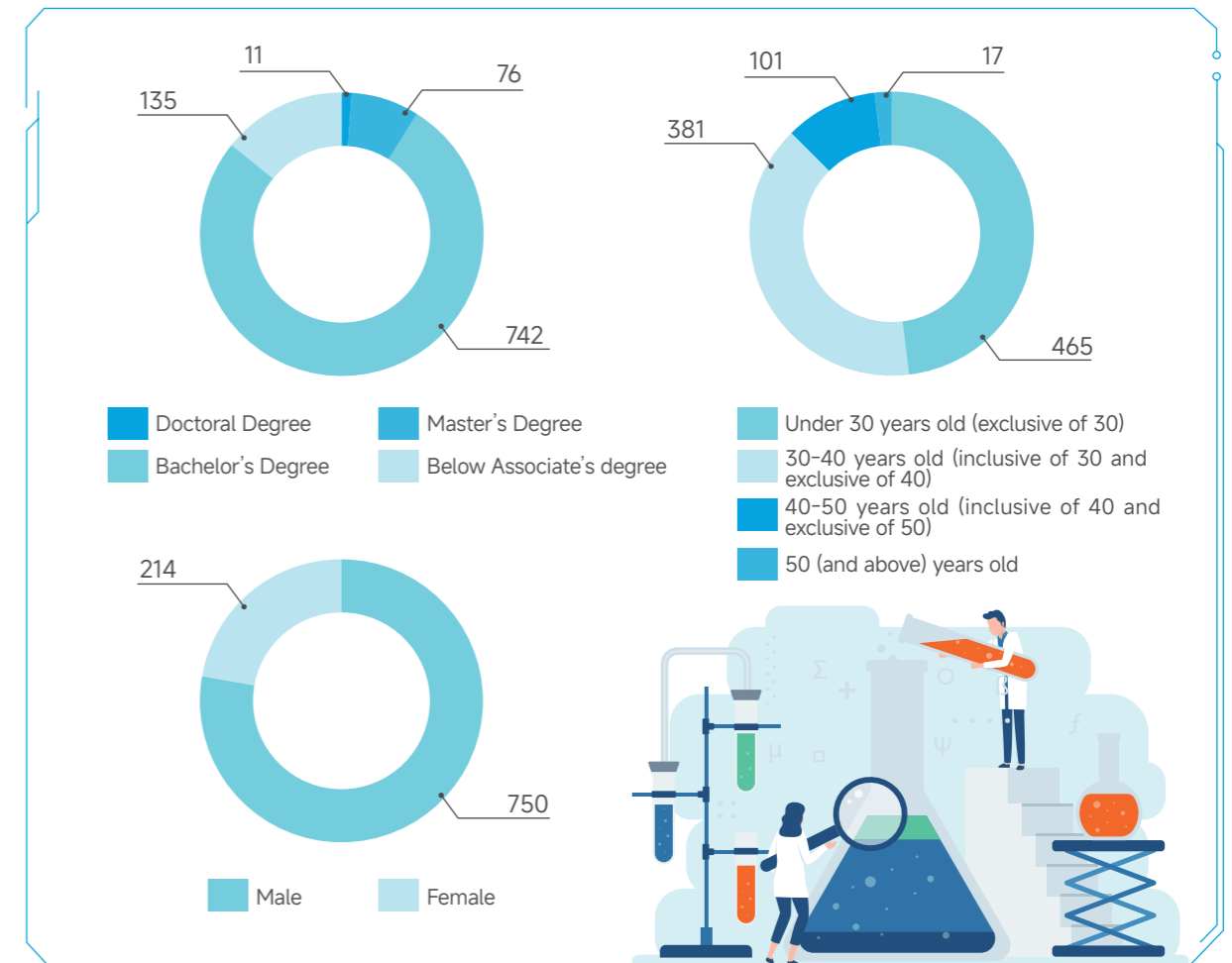
we distributed R&D-related bonuses totaling RMB **36,590,000**, a total of **123** employees were commended, **34** were promoted, and **14** were granted equity and stock option incentives.

R&D Team

Guided by our focus on “Intelligent, Integrated and Green” technologies, we have assembled a multidisciplinary R&D team with deep expertise in mechatronic systems, embedded software and hardware, and IoT architecture design.

As of the end of the reporting period

Loctek employed **964** R&D professionals—**24.26** % of our total workforce—with **86** % holding a bachelor’s degree or higher.



Ethics in Science and Technology

We strictly adhere to ethical standards in science and technology during our innovation efforts in high-performance computing, artificial intelligence and big data. We uphold scientific integrity, prioritize human-centered values, and guard against misuse of technology. No violations of technology ethics or penalties by regulatory bodies were reported during the reporting period.

R&D Strategy

Guided by our core principles of “Innovation as the soul, Quality as the foundation, and Talent as the driver”, Loctek has established a world-class innovation center focused on linear motion and AI-interaction technologies for the smart home sector. Our goal is to lead the market through cutting-edge solutions, deliver high-quality products and services, and continuously advance through the development of a highly skilled workforce.



Potential Risks of Innovative R&D

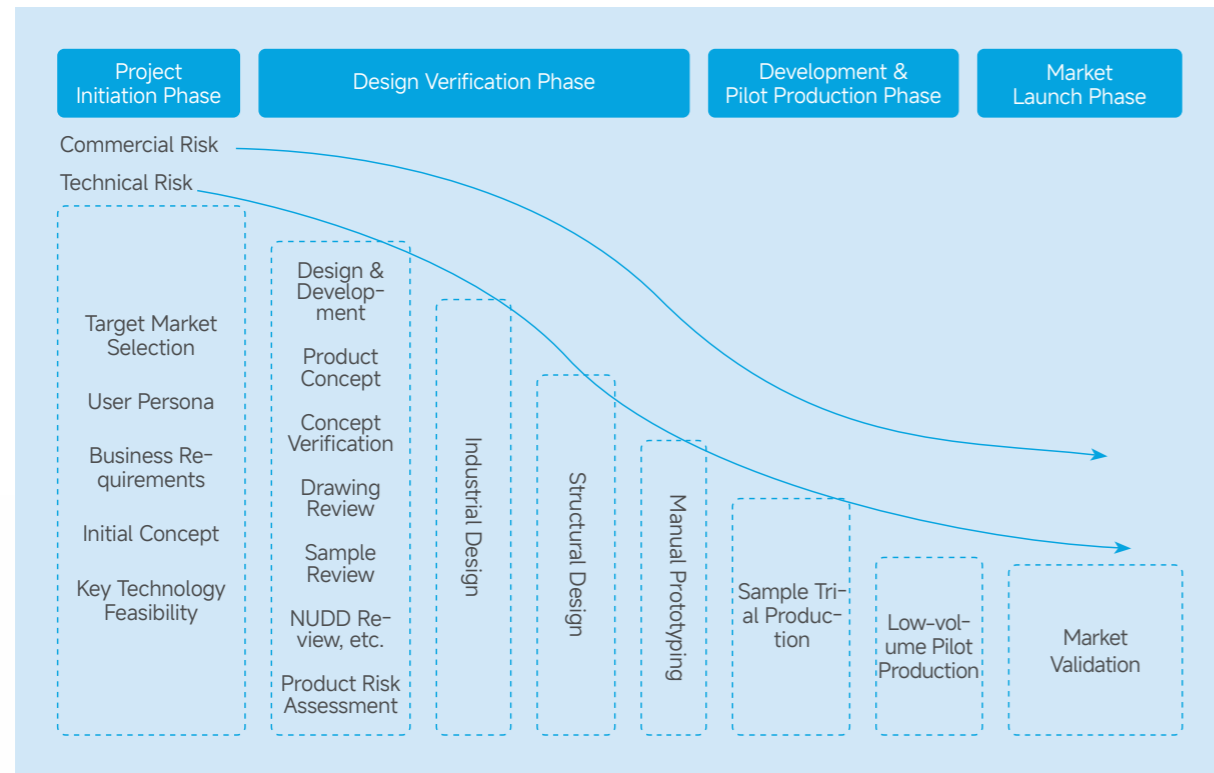
Risk Category	Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Risk Category	Insufficient feasibility assessment of R&D projects may lead to high costs, fraud, or project failure.	Medium	Relatively High	Short and Medium Term	Downstream, Operation	Medium	Increase in Operating Costs	<ul style="list-style-type: none"> R&D Department reviews project proposals and supporting documentation; Approval through project review meetings; Budget control by project managers
IP Risk	Failure to file patents in time or IP infringements may result in product delisting.	Medium	Relatively High	Short Term	Downstream, Operation	Medium	Increase in Operating Costs Decrease in Operating Revenue	<ul style="list-style-type: none"> Require patent filings to be reviewed by the IP Department; Assign dedicated personnel to proactively assess and mitigate IP risks.

Potential Opportunities for Innovative R&D

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Market opportunity	As people’s pursuit of a healthy lifestyle and demand for improved office environments continue to grow, the company’s focus areas—such as linear drive technology, smart home solutions, and healthy office solutions—are facing vast market opportunities. This provides the company with significant opportunities to continuously innovate and expand its product lines to meet market demand.	Medium	Relatively High	Medium and Long Term	upstream, operations, downstream	Relatively High	Increase in Operating Revenue	<ul style="list-style-type: none"> Proactively seek cross-industry collaborations to co-develop new technologies and products through resource sharing and synergy

R&D Risk Management

To support the healthy development of research and innovation, the Company continues to refine a dual-prevention mechanism based on risk classification and hazard identification. Following a structured risk management process, we conduct in-depth identification and assessment of R&D risks and implement targeted mitigation measures.



R&D Risk Node Setting

R&D Metrics and Targets

The Company regards R&D as a core strategic pillar. Based on thorough market research and technical analysis, we have formulated a comprehensive long-term innovation roadmap. This roadmap is translated into clear, actionable annual goals, enabling effective tracking of R&D progress and ongoing refinement of innovation strategies.

	Objective	2025 Completion Status
Technology	Achieve leading industry benchmarks in product efficiency and power density; Rank among the top in the number of authorized patents.	Number of launched projects: A total of 730 projects were initiated in 2025, driving product iteration and supporting market expansion; Innovation patents: 282 patents were drafted in 2025.
Talent Development	Expand the R&D talent pool; Increase the proportion of top-tier industry experts; Enhance campus recruitment efforts, with a focus on graduates from Double First-Class universities and post-graduate programs.	In 2025, the Company integrated R&D resources and streamlined its R&D team to better align with new research and development demands.
Resource Management	Build an innovation and research platform. Strengthen industry-university-research collaboration; Expand research infrastructure and tools, including laboratory equipment and software systems.	In 2025, the Company recruited one doctoral professional and built a scientific research and innovation platform featuring one institute, two stations and five centers. The company has carried out industry-university-research cooperation with multiple universities, including Zhejiang University, Ningbo University, Northwestern Polytechnical University, University of Electronic Science and Technology of China, Xidian University, Hangzhou Dianzi University, China University of Mining and Technology, and Chongqing University, jointly launching several collaborative projects.



Advancing New Quality Productive Forces

R&D and Innovation Platforms

The Company is at the forefront of the industry in technological innovation, owning a number of world-original technologies in the field of linear drive. It has successively established a host of scientific research platforms, including the National Enterprise Technology Center, National Industrial Design Center, National Postdoctoral Research Workstation, China Light Industry Engineering Technology Research Center, Provincial Key Enterprise Research Institute, Provincial Enterprise Technology Center, Provincial Doctoral Innovation Station, and Provincial High-tech Enterprise R&D Center. Widely recognized by national authorities, the industry and the market, the Company advances the in-depth integration of scientific research and production, delivering lasting technological support and innovation impetus for its sustainable development.

Key Performance

As of the end of the reporting period

the Company has boasted

3 National High-tech Enterprises
Postdoctoral Research Workstation

1

Nationally Accredited Enterprise
Technology Center

1

enterprise certified as a Specialized, Refined,
Characteristic and Innovative Enterprise.

1



R&D Honors

Award Name	Issuing Authority
2025 Zhejiang Provincial First Set of Major Equipment	Zhejiang Provincial Department of Economy and Information Technology
2025 Advanced Smart Factory	Ningbo Municipal Bureau of Economy and Information Technology
Ningbo Municipal Industry-Education Integration Enterprise	Ningbo Municipal Development and Reform Commission
Excellent Rating in the 2025 Annual Evaluation of Ningbo Manufacturing "Large, Excellent & Strong (Cultivation)" Enterprises	Ningbo Municipal Bureau of Economy and Information Technology
Included in Ningbo Key Open Source Project Cultivation Library	Ningbo Municipal Bureau of Economy and Information Technology
Second Prize of Ningbo Municipal Science and Technology Progress Award	Ningbo Municipal Science and Technology Bureau

Industry-University-Research Collaboration

The Company has jointly established the Loctek Robotics Research Institute (hereinafter referred to as "the Institute") with local governments and well-known universities to conduct joint technological research and tackle key technical challenges, accelerating technological innovation. The Institute adopts an R&D model of professor guidance, engineer implementation, and professional master's participation. It assembles high-caliber talents including professors, PhDs, full-time engineers, postdoctoral researchers and professional master's students from Ningbo's universities. The Institute focuses on research and development in artificial intelligence, intelligent manufacturing and other key fields. In the meantime, it carries out industry-university-research cooperation with institutions of higher learning to advance technological preliminary research and key technical breakthroughs, continuously enhancing the Company's capacity for scientific and technological innovation.



Case / Renowned Teachers from Ningbo Vocational Colleges Visit Loctek to Write a New Chapter of Industry-Education Integration

In August, the Ningbo Municipal Bureau of Education organized a delegation of distinguished teachers from higher vocational colleges to visit the headquarters of Loctek Motion Co., Ltd. They held in-depth exchanges with representatives of Zhejiang Craftsmen and members of the Model Worker Innovation Studio. By sharing their personal growth experiences, the representatives vividly interpreted the essence of the craftsman spirit within corporate development. The event successfully built a bridge for communication between schools and enterprises, displayed Loctek's achievements in technological innovation and independent evaluation of high-skilled talents, and jointly explored new paths to integrate the craftsman spirit into vocational education.



Visit to the Corporate Exhibition Hall



Lecture on the Zhejiang Craftsman Spirit


Innovation and R&D Achievements

The Company upholds the philosophy of being driven by technology, innovation and efficiency. Leveraging the strengths of its seasoned R&D team, it initiated a total of 407 R&D projects in 2025, making comprehensive progress across manufacturing, logistics, warehousing, intelligent lifting and other fields. Among these projects, 244 have been completed and 168 are currently ongoing.


Achievements of R&D and Innovation (Selected):

Independent R&D of Core Technologies	As the "heart" of the lifting system, the intelligent linear actuator has made breakthroughs in key technologies, delivering precision drive, low noise, long service life and high load capacity. It has broken foreign technological monopolies, enhanced the independent controllability of the industrial chain, and provided core technical support for industries including smart homes and healthy offices.
Enhanced Export Competitiveness	Technological empowerment raises product added value, strengthens international brand influence, and facilitates the global expansion of Chinese smart manufacturing.
Serving a Better Life for the Public	It drives the popularization of healthy offices. Intelligent height-adjustable equipment alleviates cervical and lumbar problems caused by prolonged sitting, reduces the incidence of occupational diseases, and improves the quality of life of office workers, teenagers and home-based workers.
Conservation and Consumption Reduction	High-efficiency motors and intelligent power management lower standby energy consumption, complying with the green and low-carbon development trend.


Product Innovation Honors




2025 MUSE Design Awards Gold Winner




2025 Good Design Award Gold Award




2025 Good Design Award Bronze Award




2025 New York Product Design Awards Silver Winner




2025 International Design Awards (IDA) Gold Winner



2025 International Design Awards (IDA) Honorable Mention



2025 German Innovation Award Nominee



2025 IGR Ergonomic Innovation Award

Leading Industry Development

As a pioneer in the smart lifting home furnishing industry, Loctek actively promotes the innovative application of smart lifting technologies in the fields of healthy office and smart home. The Company has joined the National Technical Committee for Furniture Standardization as an observer member. During the reporting period, Loctek participated in the formulation of a number of national and industrial standards. Five national standards jointly drafted by the company were officially released in 2025, namely: *GB/T 45231-2025 Smart Beds*; *GB/T 46025-2025 Household Wheelchair Beds*; *GB/T 46489-2025 General Technical Requirements for Hospital Furniture*; *GB/T 46260-2025 Evaluation and Labeling of Intelligent Grades for Furniture*; *GB/T 10357.7-2025 Furniture Mechanical Performance Tests — Part 7: Stability of Tables*.

As of the end of the reporting period

The Company has cumulatively presided over or participated in the formulation and revision of **13** national and industrial standards, among which **11** have been promulgated and implemented.

Building an Intelligent Factory for Linear Drive

The Company is committed to constructing an industry-leading intelligent factory for linear drive products. It has a professional automation team that independently develops modern production lines and manufacturing equipment, and actively advances the in-depth integration of industrial engineering, quality control, automation and information technology in production. Equipped with an industry-leading testing system, the Company achieves full in-house manufacturing of core components, with a high level of automation in the production processes of key parts. This provides a solid guarantee for maintaining consistent high product quality standards. During the reporting period, the Company was honored as the 2025 Advanced Smart Factory.



SMT Production Line



Motor Production Line



Automated Laser Cutting Cluster



Intelligent Stereo Warehousing System

Intellectual Property Protection

The Company approaches intellectual property (IP) protection from a strategic business perspective, integrating it into core operations. It has established a comprehensive IP management system, supported by internal policies including the *Intellectual Property Management Policy*, *IP Incentives and Penalties Policy*, and *Patent Management Policy*. The system was first certified in 2015 and recertified in 2025, ensuring its continued effectiveness. To embed IP protection across the product lifecycle, the Company has established a dedicated IP department and integrated IP processes into its PLM (Product Lifecycle Management) system. This ensures that IP protection measures are implemented across every stage—from market research and product design to procurement, manufacturing, brand marketing, and market operations. During the reporting period, the Company obtained intellectual property management system certification.



Intellectual Property Management System Certificate

Loctek's Full-Lifecycle IP Management Framework						
Business Activity	Market Research	Product Design & R&D	Procurement	Manufacturing	Brand Marketing	Market Operations
IP-Related Business Risk	Redundant R&D	Inadequate protection/Product infringement	Component infringement	Equipment infringement	Improper use of promotional materials	Quality-related legal risks
IP Management Measures	Prior art searches/Patent analysis	Patent landscape planning/Design-around strategies	Risk assessments of material IP	Risk assessments of equipment IP	Compliance reviews	Resolution of IP-related quality issues

As of the end of the reporting period

The Company has held a total of **1,269** valid authorized patents, including **239** patents granted in 2025. Its patent holdings rank among the top **11** in Ningbo.

Note: The data is sourced from the PatSnap Patent Database.

Domestic Intellectual Property Portfolio

Category	Unit	Cumulative Approved Quantity	Approved Quantity in 2025	
Patents	Invention Patents	Piece	147	35
	Utility Model Patents	Piece	535	86
	Design Patents	Piece	459	95
Trademarks	Piece	495	28	
Copyrights	Piece	44	1	
Software Copyrights	Piece	142	6	

International Intellectual Property Portfolio

Category	Unit	Cumulative Approved Quantity	Approved Quantity in 2025
Overseas Patents	Piece	128	23
Overseas Trademarks	Piece	427	45

Key Performance Metrics

The number of valid patents is **0.19** per million yuan of operating revenue

The number of software copyrights is **0.02** per million yuan of operating revenue



IP Protection Measures

The Company attaches great importance to building its intellectual property (IP) talent team. It currently has 13 full-time IP staff, among whom 10 hold patent agent qualifications or legal professional qualifications. The Company has embedded the IP management system into the PLM (Product Lifecycle Management) system. It files applications for patents, trademarks and copyrights in a timely manner, keeps detailed ledgers to monitor application progress and validity periods, and purchases insurance related to intellectual property rights. Prior to patent application and product launch, it conducts patent retrieval and new product research. For major projects, third-party institutions are commissioned to carry out supplementary retrieval so as to lower the risk of intellectual property infringement. The Company regularly organizes IP training activities. Through multi-channel and diversified training mechanisms, it continuously improves the theoretical knowledge and practical capabilities of the IP talent team, popularizes intellectual property knowledge, and strengthens awareness of IP protection.

During the reporting period

the Company arranged **13** training sessions on intellectual property and patents, with a total training duration of **22** hours.

In addition, the Company has formulated a contingency plan for patent infringement. In the event of infringement litigation and other related incidents, an emergency team composed of the Intellectual Property Department, R&D Department, Legal Department and business departments will be established to minimize the Company's losses.

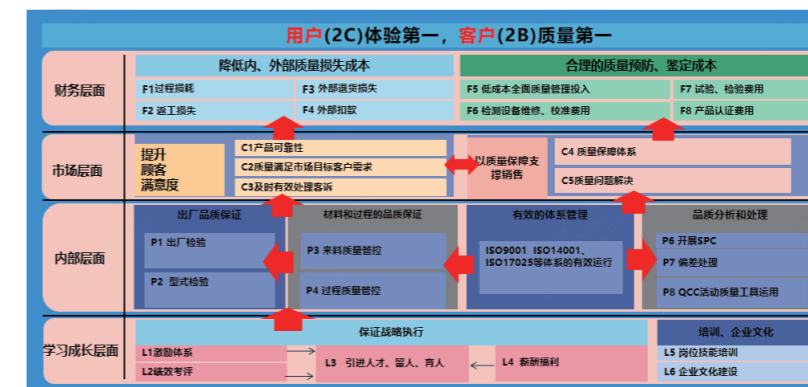


Intellectual Property Training

Product Quality Assurance

Product Quality and Service Governance

Upholding the quality policy of "Striving for Perfection, Pursuing Excellence", Loctek Motion has formulated internal quality management systems such as the *Management Manual and Production Process Control Procedure*, and established a full-scale quality management model. The Company carries out product quality control from four dimensions: finance, market, internal operation, and learning & growth, ensuring product quality complies with relevant standards, customer requirements, as well as applicable laws and regulations. During the reporting period, the Company obtained ISO 9001 Quality Management System Certification and ISO 17025 Laboratory Accreditation. It also passed multiple international product certifications including US EPA, European FSC, EUDRUL, ETL, CE and RoHS.



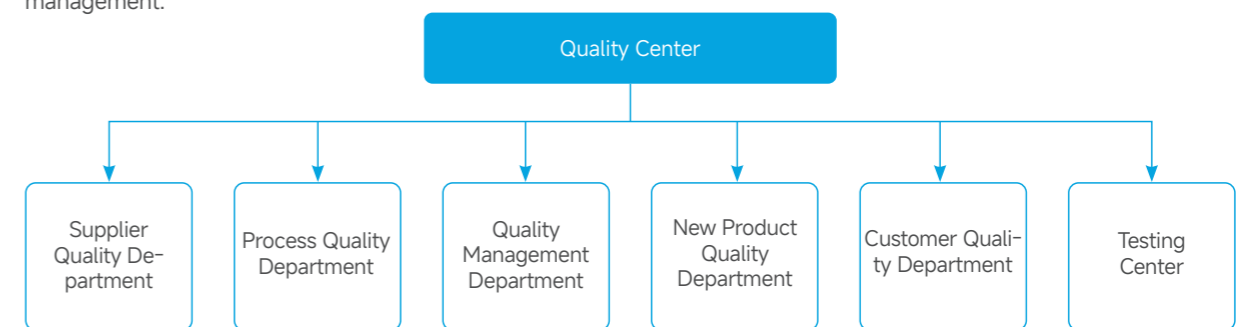
Three-Dimensional Quality Management Model



ISO 9001 Quality Management System Certificate

Quality Management Organizational Structure

The Company has set up a quality organizational structure featuring well-defined responsibilities and efficient collaborative mechanisms to guarantee the overall stability of product quality. From the perspective of corporate strategic development, the Board of Directors undertakes top-level overall planning and provides fundamental guarantee for quality management. The senior management assumes specific leadership duties for product quality management, translates the strategic principles formulated by the Board into practical management initiatives, and coordinates work across all departments. Every department is staffed with internal auditors for the quality management system, who are responsible for developing the quality management system within their own departments, organizing training and advocacy on system procedures, overseeing implementation, and further strengthening product quality management.



Quality Management Organizational Structure



Product Quality and Service Strategy

The Company is committed to a quality strategy grounded in the principles of “ensuring product and service excellence, meeting customer expectations, enhancing competitiveness, and driving sustainable growth”. By leveraging advanced process control methodologies, we implement precise management across all operational stages. Regular internal reviews and continuous improvement practices are adopted to minimize risk, boost operational efficiency, and instill a company-wide culture of “quality starts with me”. These efforts serve to elevate product and service standards across the board and position the Company as a leader in delivering superior quality within the industry.

Potential Opportunities for Product Quality and Services

Risk Category	Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Quality Risk	Poor product quality may harm the interests of consumers and trigger risks such as customer complaints, order cancellations and contract termination.	Low	Relatively High	Medium and Long Term	Downstream, Operation	Relatively High	Increase in Operating Costs Decrease in Operating Revenue	<ul style="list-style-type: none"> Enforce strict oversight and control of production processes to ensure adherence to quality standards; Continuously enhance product design based on customer feedback and market insights to improve functionality and durability.
Reputational Risk	Failure of product quality to comply with the laws and regulations of the destination country may lead to product recalls, removal from shelves and other consequences, which in turn cause customer complaints or reduced satisfaction and damage the company's brand reputation.	Low	Relatively High	Medium and Long Term	Downstream, Operation	Relatively High	Decrease in Operating Revenue	<ul style="list-style-type: none"> Strengthen quality inspection and real-time monitoring to ensure compliance with internal standards; Enhance customization and personalization of products and services to better align with client needs.

Potential Risks of Product Quality and Services

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Market Opportunity	The global smart home market continues to grow, offering vast market potential and development opportunities for the company's smart home products.	Medium	Relatively High	Medium and Long Term	Upstream, Operations	Relatively High	Increase in Operating Revenue	<ul style="list-style-type: none"> We are committed to enhancing product quality to precisely meet consumers' growing demand for high-quality smart home products.

Product Quality and Service Risk Management

The Company has issued the *Technical Manual for Quality Risk Management*. By fully taking into account its operation and management environment, internal and external factors, as well as the needs and expectations of relevant stakeholders, the Company identifies targeted risks and opportunities, classifies risk levels via evaluation, formulates response strategies, and establishes a monitoring mechanism to report risk dynamics in real time, ensuring timely adjustment of management policies.

During the reporting period

The Company carried out **165** quality risk assessments and **2** annual internal quality audits.

In 2025, the Quality Department organized the R&D and Engineering teams to complete **72** FMEA analyses, compiled a total of **1,584** design experience entries, and identified **362** defects in new products, which effectively guaranteed the design and production quality of new products.



Product and Service Metrics and Targets

Guided by the quality policy of "pursuing excellence through continuous improvement", the Company has established clear quality management objectives to drive overall improvements in product and service standards.

Quality Management Objectives	2025 Achievement	2026 Plan
Product Qualification Rate \geq 99%	Achieved	Continuous improvement
Customer Satisfaction Score \geq 90 points	Achieved	Continuous improvement
Timely Handling Rate of Customer Complaints 100%	Achieved	Continuous improvement

Quality Improvement Measures

Loctek always focuses on customer needs. It realizes full-process quality control by virtue of rigorous rules and regulations, refined management and considerate services, and continuously improves the overall quality management capability. The Company actively takes part in various competitions and activities held by the China Quality Inspection Association, China Quality Research Institute, China Quality Club and other institutions, and practices quality improvement through concrete actions. During the reporting period, the Company was awarded honorary titles including National Enterprise with Integrity Commitment to Product and Service Quality, National Product with Stable Qualified Quality Inspection, and 2025 National Quality Month Integrity Initiative Enterprise.





CNAS National Laboratory Accreditation Certificate

Key Performance

During the reporting period the Company achieved a product pass rate of **99.32%** commissioned **26** third-party quality audits.



Quality Management Measures

Full-Process Quality Management Framework

- Developed a Quality Management Policy Manual, 42 procedural documents, and 72 management workflows;
- Covers international laws and regulations, national standards and industry standards (over 160 documents), with a total of 7,550 SIP documents for parts, manufacturing processes and finished products to guide inspectors in their operations;
- Applies advanced digital quality management tools—including DOE, QFD, SPC, MSA, NUDD, and 8D—across the entire product lifecycle from design to manufacturing;
- Introduced the FMEA system with standardized protocols to support the digital transformation of quality data and analytics.

Quality Control Across the Supply Chain

- Follows the principle of “Check, Review, Improve, Approve, Implement”, and established an *Incoming Inspection Control Procedure* to standardize supplier onboarding;
- Adopts inspection standards from Fortune 500 export clients and integrates them into internal quality benchmarks;
- Implements QR code-based product traceability, enabling component-level tracking and efficient after-sales response through a robust RMA system.

Product Quality Lifecycle Management

- **Development Phase:** Implements the *New Product Pilot Production Control Procedure*, incorporating analysis techniques focused on structure, functionality, failure modes, and risk to ensure design validation;
- **Production Phase:** Applies the *Production Process Control Procedure* to ensure operational consistency with timeline, cost, and quality benchmarks, while maintaining traceability through product identification;
- **Inspection Phase:** Follows the *Finished Product Inspection Control Procedure* to prevent the use or delivery of non-conforming products. The Company operates Asia’s first GS- and UL-accredited witnessed laboratory, equipped with industry-leading instruments and certified by the CNAS (China National Accreditation Service). Its lab is capable of performing 117 types of tests, 53 of which are CNAS-accredited;
- **Non-Conformance Control:** Enforces a comprehensive *Non-Conforming Product Control Procedure*, which outlines protocols for identification, labeling, documentation, isolation, evaluation, and disposal of non-conforming items at all stages—from raw materials and semi-finished goods to final products and post-delivery handling.



Quality Culture Construction

The company focuses on product quality and service externally, and attaches great importance to internal quality training and publicity. By launching activities such as Quality Month campaigns and knowledge contests, it provides multiple professional and customized training sessions for all personnel within the quality management system. This ensures that relevant employees stay updated on changes to external regulations and quality standards, and acquire necessary professional skills and literacy, thereby guaranteeing the effective operation of the quality management system.

Key Performance Indicators

As of the end of the reporting period, the Company held **95** quality-related training sessions, attracting a total of **950** participant-times, with the cumulative training duration exceeding **170** hours.



The Company has carried out QCC quality improvement activities for four consecutive years. In 2025, its four regional factories launched a total of 190 QCC quality improvement projects, representing a year-on-year increase of 47.3%. The benefits generated by quality improvement reached 4.867 million yuan, a year-on-year growth of 50.3%. Among these projects, 5 outstanding entries won awards in the national and Zhejiang Provincial Case Improvement Competitions. Externally, the company prioritizes product quality and services; internally, it places great emphasis on quality training and promotion. By holding Quality Month events, knowledge competitions and other activities, the Company provides multiple professional and customized training programs for all personnel covered by the quality system. This ensures employees to keep abreast of updates to external regulations and quality standards, and equip themselves with requisite professional skills and comprehensive competence, and sustain the effective operation of the quality management system. These efforts strongly support factory cost reduction and efficiency enhancement, and drive the steady improvement of product quality.

Year	Number of Approved Improvement Projects	Project Benefits (RMB million)
2023	106	7.42
2024	129	3.24
2025	190	4.87

Case Typical Case of Quality & Process Improvement

In January, Loctek took part in the 11th 2025 "Congmai Cup" Enterprise Improvement Case Competition and won the third prize.



The 11th Enterprise Improvement Case Competition 2025



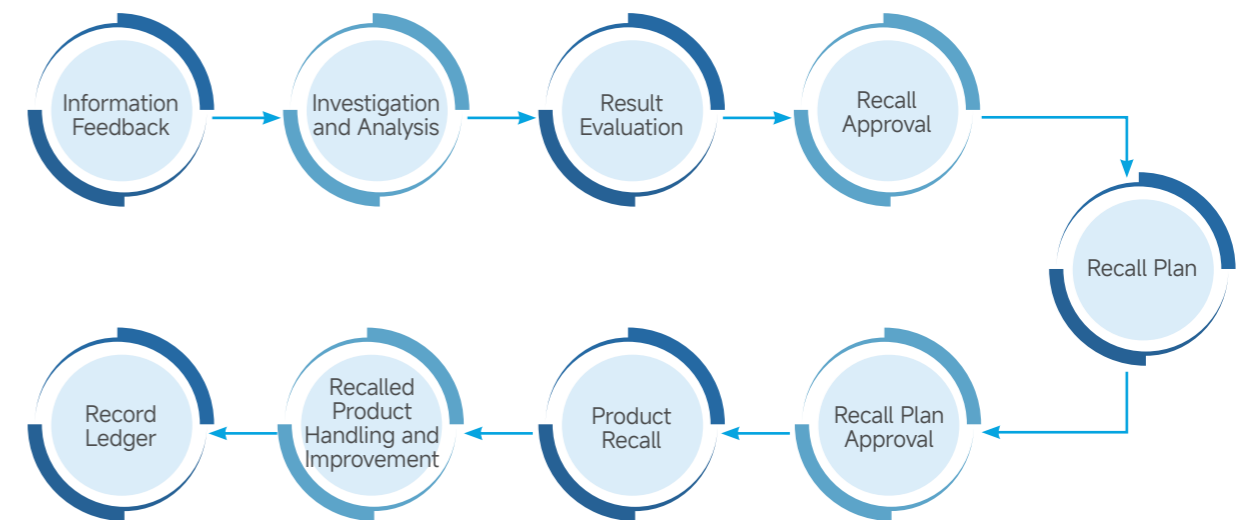
Won the Third Prize of the 11th Congmai Cup Enterprise Improvement Case Competition

Product Recall Management

To uphold product quality standards and safeguard customer interests, the Company has implemented the *Nonconforming Product Control Procedure* and the *Product Recall Management Procedure*. These protocols ensure that any defective products are addressed promptly through corrective actions such as issuing safety notices, revising user instructions, returning, exchanging, repairing, or disposing of affected products. During the reporting period, there were no product recall incidents related to health or safety concerns.

During the reporting period

There were no product recall incidents related to health or safety concerns.



Product Recall Process

To further strengthen emergency response capabilities, particularly in managing potentially non-compliant products delivered to customers, the Company has enhanced its recall protocols. This includes robust traceability mechanisms—such as comprehensive purchase and sales records and product QR code tracking—to ensure full product traceability throughout the supply chain.

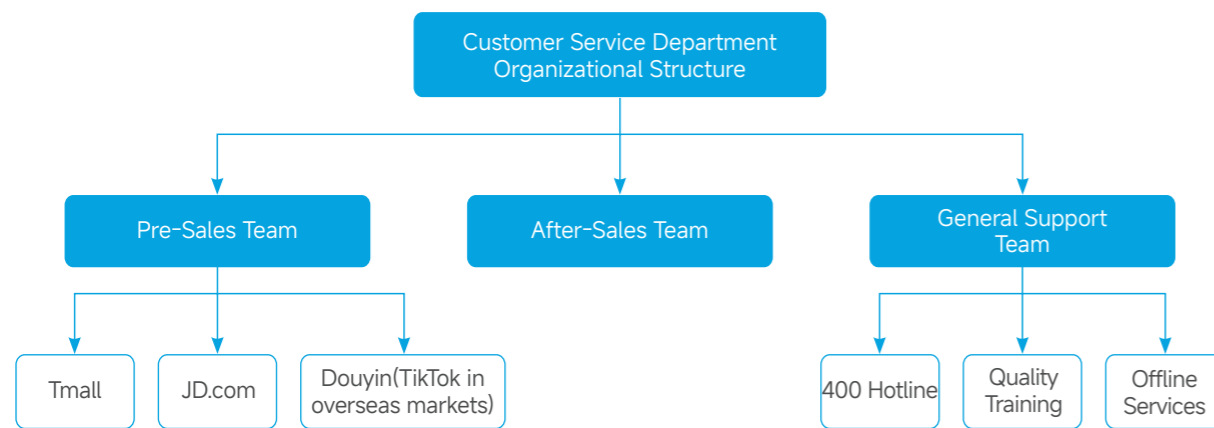
During the reporting period

The Company conducted a simulated emergency drill to test its product recall response system.

Quality Service

Customer Service Management

Loctek Corp. upholds the principle of "Customer First" and has formulated the *Customer Service Manual, Domestic Sales Service Department Management Regulations and Domestic Sales Service Requirements Standards*, providing standardized guidelines for customer service work. The Board of Directors sets the overall direction and provides fundamental guarantee from a strategic perspective. The senior management translates corporate strategies into implementation plans and coordinates resource allocation for practical execution. The Customer Service Center clarifies job responsibilities, business processes and service standards for customer service staff. It has built an information management system to record customer demands and regularly summarizes relevant data to optimize service quality. In addition, the Company adopts strict management over distributors by issuing the *Distributor Management Regulations* and signing formal cooperation agreements. These efforts improve the overall customer service and management level, enhance customer brand loyalty and the sustainability of market development, and safeguard the overall quality of the Company's sales management system.



Customer Service Department Organizational Structure

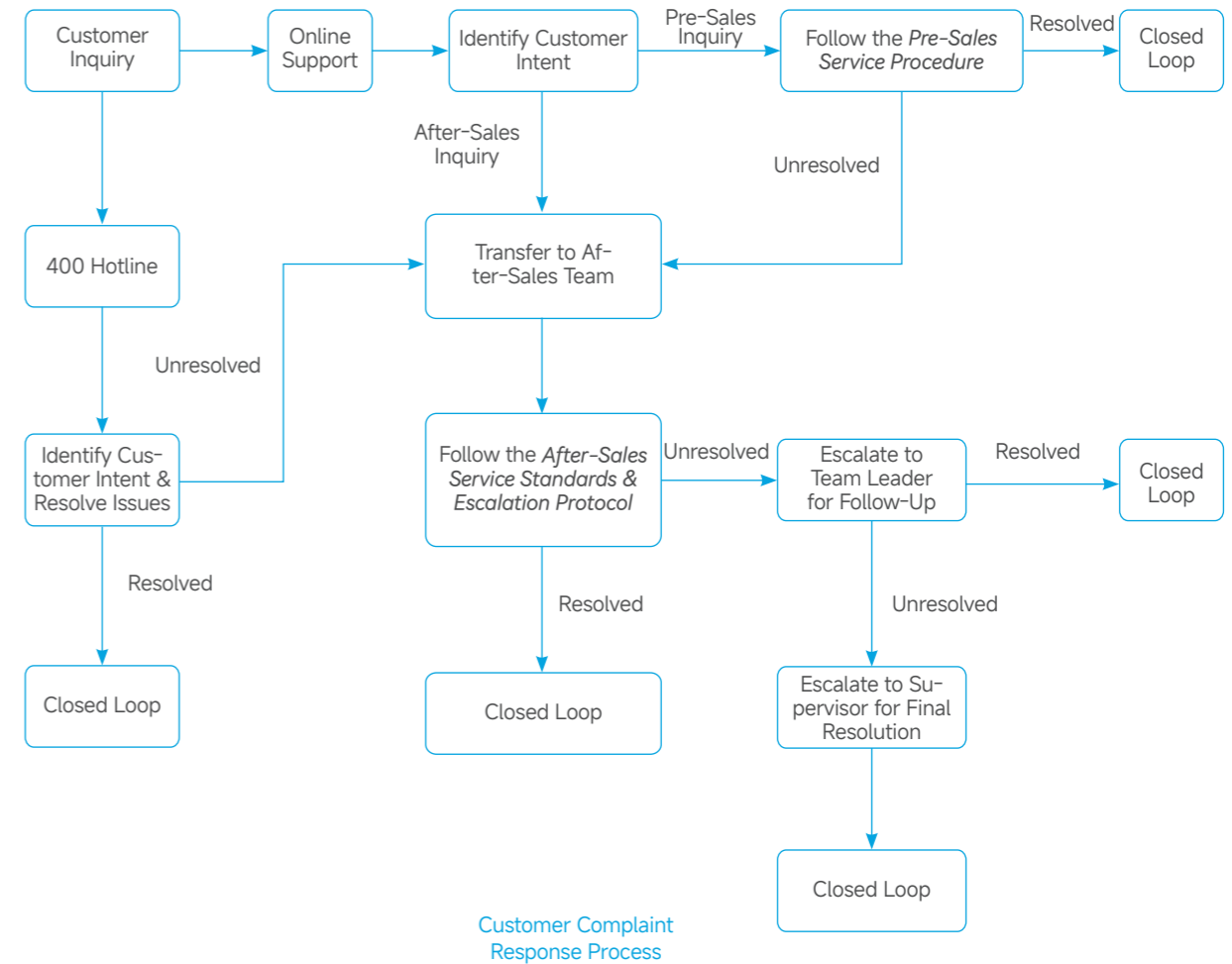
Enhancing Customer Service Capabilities

Handling Customer Complaints

To ensure timely and effective resolution of customer issues, the Company has implemented a formal *Customer Complaint Handling Procedure*, offering multiple complaint channels—including a dedicated hotline, online submissions, and written or verbal feedback. All customer complaints must receive an initial response within 24 hours. A dedicated complaint resolution team is responsible for evaluating the severity of each case, conducting root cause analysis, and proposing corrective actions. The process ensures all complaints are addressed within 72 hours, with resolution updates provided to the relevant departments.

During the reporting period

The Company received **9,327** customer complaints, equivalent to **1.39** complaints per million yuan of operating revenue, with a customer complaint resolution rate of **100%**.



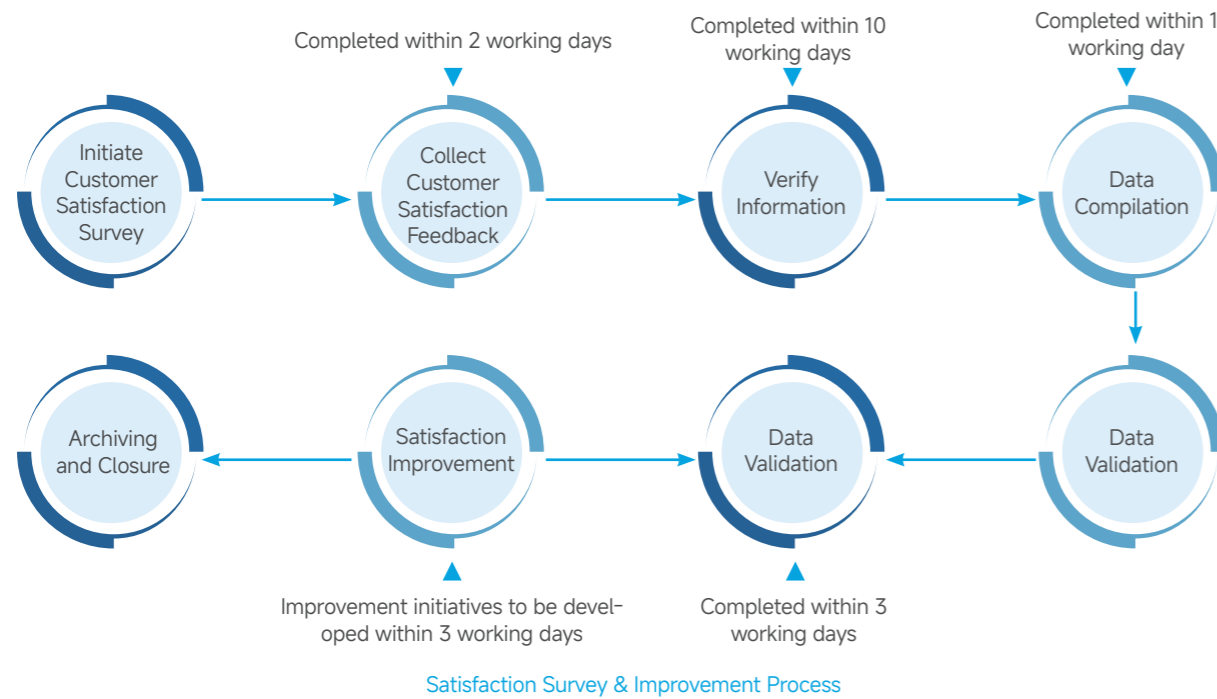
Customer Complaint Response Process

Enhancing Customer Satisfaction

Loctek is committed to a "customer-centric" philosophy and has established a *Customer Satisfaction Survey Management Procedure*. The company collects feedback through questionnaires, sales center interviews, and in-person visits, focusing on product quality, reliability, professionalism, service attitude, and response speed. Customer satisfaction surveys are distributed and collected annually, with results used to develop product-specific improvement plans and monitor complaint rates for new products to ensure a better customer experience post-market launch.

During the reporting period

The Company achieved **95%** online platform customer satisfaction and **100%** on-time resolution of customer complaints, which were above the industry average.



Targets	2025 Progress	2026 Progress
100% on-time resolution of customer complaints	100%	Maintain the status quo
Online platform satisfaction (score out of 100)	95 Points	Maintain the status quo

Customer Service Training

The Company has built a professional customer service team. Tailored to the characteristics of new and senior employees, it provides targeted special training covering product knowledge, communication skills, complaint handling procedures, emergency response and other modules. Quarterly intensive training and performance assessments are also arranged to consolidate and improve training outcomes. Meanwhile, the Company continuously optimizes the after-sales service process, enhances customer experience via high-quality services, and strengthens brand influence.

Key Performance Indicators

During the reporting period, the Company held **5** special training sessions on customer complaint response, with a total of **131** participants and an overall training duration of **7** hours.



Protection of Customers' Physical and Mental Health

The Company always puts customers' physical and mental health in an important position, and fully integrates the philosophy of health care into every link of product design, production, sales and services. In practice, the Company actively promotes the popularization of healthy office lifestyles. Its intelligent height-adjustable products ease cervical and lumbar discomfort caused by prolonged sitting, lower the incidence of occupational diseases, and improve the quality of life for office workers, teenagers and home workers. Meanwhile, to fully ensure product safety in use, the Company clearly states precautions in the user manuals of all products, enabling customers to use the products safely and securely.

Responsible Marketing

Loctek has adopted the *Internal Compliance Guidelines for Marketing*, which strictly prohibit false advertising and misleading consumer practices. Regular training is provided to promote responsible marketing behavior and uphold fair competition, supporting sustainable growth and long-term success.

During the reporting period

The Company held **17** responsible marketing training sessions, engaging **488** participants and delivering **26** hours of training.

Product Marketing

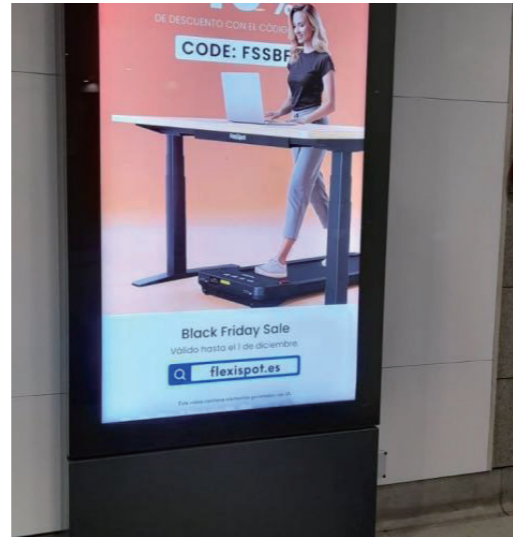
The Company continues to strengthen channel development and build a diversified marketing framework covering domestic and overseas businesses as well as online and offline multi-format channels.

During the reporting period

FlexiSpot, a brand under Loctek Corp., adopted a multi-channel and localized integrated marketing model to engage users in European and American markets via a three-dimensional communication matrix. In Europe, the brand placed advertisements on trams, subways and outdoor billboards in Germany, Spain, France and the United Kingdom to amplify brand exposure. The Company also established targeted cooperation with top German podcasters and Dutch technology forums, driving efficient user conversion and brand popularity growth through content marketing. In addition, the Company's Chairman shares business insights through the domestic new media account Chairman Shaw of Loctek, which has amassed over 3.5 million followers. It delivers brand values, realizes coordinated online-offline marketing synergy at home and abroad, and continuously enhances brand influence and market penetration.



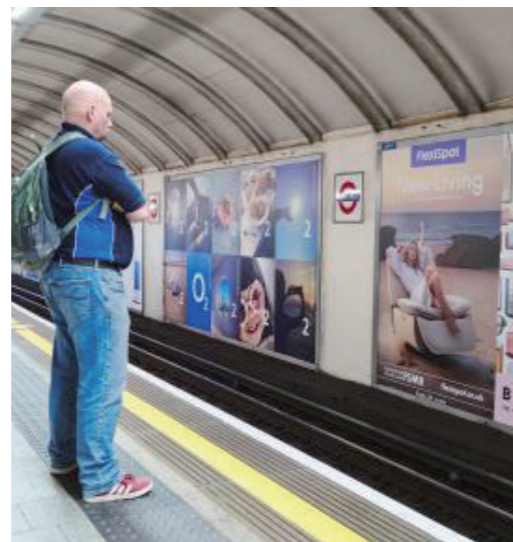
Tram Advertisements in Germany



Offline Advertisements in Spain



Offline Advertisements in France



London Underground Advertisements in the UK

Case FlexiSpot Achieves Dual Breakthroughs in Brand Awareness and Sales via Tweakers in the Dutch Market

In November, FlexiSpot, a brand of Loctek, partnered with Tweakers, the largest technology forum in the Netherlands. It released featured articles and launched questionnaire lottery campaigns. The content gained 17,000 views and 468 comments within a week. Statistics indicated that around 90% of commenting users had never bought the brand's products, and nearly 60% of them had no prior understanding of the brand. The campaign drove a substantial increase in sales, successfully converting platform influence into tangible growth in brand awareness and revenue.

Case FlexiSpot Attains Efficient User Conversion through Top-tier Podcasts in the German Market

In May, FlexiSpot entered a targeted cooperation with unfassbar, a top 5 well-known podcast on Spotify in Germany. By embedding product information naturally into podcast episodes, the brand effectively reached high-quality audiences focused on health and tech products. One month after the podcast was released, it brought considerable brand exposure and directly generated sales of 16,000 US dollars. The collaboration realized efficient brand penetration and precise acquisition of target customers.



Case Chairman Shaw's Insights of Loctek

In the spirit of altruism, Mr. Lane Shaw, Chairman of Loctek, shares his entrepreneurial experience, corporate management wisdom, cross-border e-commerce insights, and other professional business viewpoints via his official Douyin account, Chairman Shaw of Loctek. The account aims to spread professional knowledge and convey the brand's core values. As of the end of the reporting period, the account has gained over 3.5 million followers and released more than 1,000 original works. It was honored as one of the Top 20 Most Influential New Media Accounts in Ningbo on Douyin in 2024.



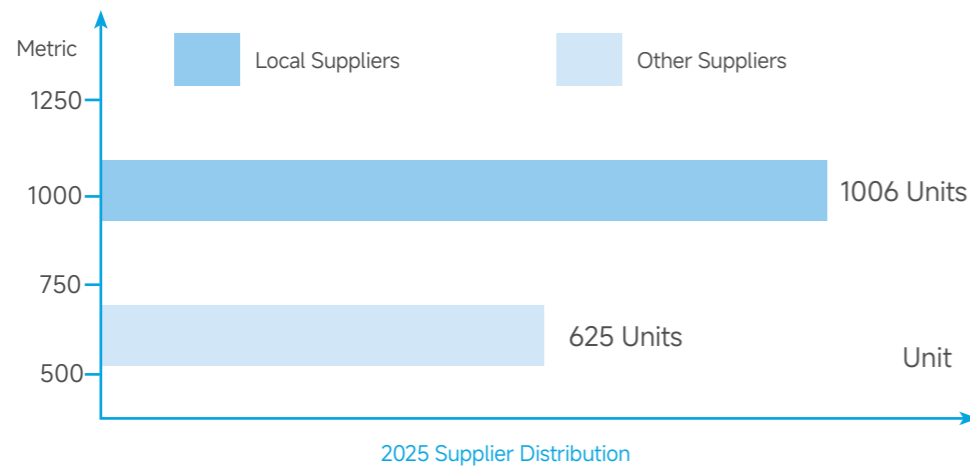
Sustainable Supply Chain

Supplier Governance

Loctek upholds the philosophy of sustainable development and promotes supply chain management in accordance with institutional documents including the *Procurement Control Procedure and Supplier Management Procedure*. The Board of Directors undertakes top-level design and overall coordination to provide strategic guidance and foundational assurance. Senior management is responsible for daily administration to ensure the implementation of relevant policies and measures. As a core executive department, the Procurement Department optimizes the ESG management system for suppliers, and establishes a full-process supervision and review mechanism covering supplier access, selection, performance and evaluation. It realizes closed-loop dynamic management throughout the whole lifecycle, updates and maintains the *Qualified Supplier List* based on assessment results, and builds an efficient and sustainable supply chain ecosystem.

Supplier Onboarding and Review

Loctek has formulated the *Supplier Development Control Procedure, Supplier Access Evaluation Criteria*, and Supplier On-site Evaluation Scoring Form. It has established a supplier access and review mechanism led by the Procurement Department with cross-departmental collaboration from R&D, Engineering, Quality and other teams. The company adopts a dual-supplier strategy for key materials to ensure supply stability. For suppliers already included in the qualified supplier list, regular and unscheduled audits are conducted to ensure they continuously comply with corporate requirements, building a stable, efficient and low-risk high-quality supply chain system.



During the reporting period

The company onboarded **280** new suppliers. As of the end of the reporting period, Loctek had a total of **1,631** suppliers, including **1,006** domestic suppliers and **625** overseas suppliers. The supplier localization ratio reached **97%**, and procurement expenditure from local suppliers accounted for **95%** of the total.

Supplier Hierarchical Management and Exit Mechanism

Loctek has established supplier evaluation criteria covering multiple dimensions including quality, SQE assessment, technology and procurement. Quarterly reviews are conducted to classify suppliers into four grades: A, B, C and D. For high-performance Grade A and B suppliers, the company increases order allocation. For Grade C and D suppliers, one-on-one improvement support programs are implemented. Underperforming suppliers receive targeted coaching and follow-up monitoring; those failing three consecutive assessments are eliminated from the supplier roster.

During the reporting period

The company removed **128** unqualified suppliers.

Number of suppliers certified under a quality management system	876
Number of suppliers certified under an environmental management system	568
Number of suppliers certified under an occupational health and safety management system	387
Number of Sustainably Certified Suppliers (Units)	289
Proportion of Sustainably Certified Suppliers (%)	17.72
Percentage of supplier performance criteria that include environmental and social factors (%)	100
Percentage of new suppliers screened for environmental and social risks (%)	100
Percentage of existing suppliers re-evaluated annually on environmental and social issues (%)	58

Supplier Strategy

The company conducts an in-depth analysis of risks and opportunities across the entire industrial chain, covering procurement, production, logistics and market segments. Corresponding risk response measures are formulated and implemented for identified risk points. Meanwhile, the company seizes emerging opportunities to enhance the resilience and stability of the supply chain.



Potential Supply Chain Risks

Risk Category	Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Supply Chain Disruption Risk	Supply chain disruption will lengthen delivery lead times, affect product quality, undermine customer satisfaction, and erode brand reputation and market competitiveness.	Low	Relatively High	Short-term	Upstream, Operations, Downstream	Medium	Decrease in Operating Revenue	<ul style="list-style-type: none"> Adopt a multi-supplier procurement strategy for materials. Based on factory layout, the company has successfully developed a supply chain covering multiple regions to ensure the stability and flexibility of material supply.
Procurement Quality Non-compliance Risk	Inferior materials will lead to frequent production line failures, increase quality inspection burdens, reduce production efficiency, delay deliveries, and impair corporate competitiveness.	Low	Relatively High	Short-term	Upstream, Operations, Downstream	Relatively High	Increase in Operating Costs Decrease in Operating Revenue	<ul style="list-style-type: none"> Establish a comprehensive quality inspection system to conduct stringent quality inspection and screening on purchased materials, ensuring that only materials meeting quality standards are allowed to enter the production line.

Potential Opportunities in the Supply Chain

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Cost Opportunity	By establishing long-term and stable cooperative relationships with suppliers, the company can obtain more favorable procurement prices and reduce raw material costs. Meanwhile, optimized supply chain management helps to cut inventory overstock and waste, further lowering operating costs.	Medium	Medium	Medium-term	Upstream, Operations, Downstream	Relatively Low	Reduction in Operating Costs	<ul style="list-style-type: none"> Sign long-term cooperation agreements with selected suppliers to clarify the rights and obligations of both parties, including procurement price, delivery schedule, quality standards, after-sales service, and other terms, so as to ensure the stability and sustainability of cooperation.

Supplier Management Metrics and Targets

The company sets clear supply chain goals to continuously drive process improvement and resource integration. With rigorous planning and strict implementation, it ensures all relevant targets are achieved as scheduled.

Metric		Unit	Target Value	2025 Progress
Cost reduction rate	Strategic Procurement Department	%	1.5	3
	OEM		1	1
OEM new product deliveries		10,000 units	1,000	2,542
On-time rate for procurement sample deliveries		%	98	99
On-time rate for trial production material procurement		%	95	98
Procurement pass rate		%	98.8	98.9

Supplier Management Measures

Supplier ESG Management

When onboarding new suppliers, the company fully takes into account ESG factors of suppliers, including environmental management, labor and occupational health management, and anti-corruption. It also organizes assessments on suppliers' compliance with social responsibility codes of conduct as well as relevant laws and regulations on hazardous substances, jointly advancing the green development of the industry.

Supplier Support

To continuously improve suppliers' comprehensive capabilities, the company regularly organizes a variety of supportive activities, including supplier quality assurance training, audit guidance, as well as quality and environmental training. It maintains close cooperative ties with suppliers to jointly drive innovation progress. During the reporting period, the company held approximately **89** supplier support and training sessions in total.

Key Performance

During the reporting period, the number of outstanding suppliers with over five years of cooperation exceeded **611**, indirectly driving employment opportunities for more than **40,000** people.



Ethical Procurement

The company is committed to building a fair, impartial and transparent business environment and fully safeguarding the legitimate rights and interests of suppliers. Integrity clauses are incorporated into the *Supplier Cooperation Contracts* to prohibit commercial bribery and standardize honest, transparent and orderly transaction practices.

During the reporting period

the company conducted integrity visits and interviews with over **72** suppliers and responded to their integrity confirmation letters. The signing rate of supplier integrity agreements reached **100%**.

Digital Management of Suppliers

The company has built a full-process digital management system via digital platforms such as the supplier collaborative management platform and PLM system. It covers supplier sample inspection, access approval, information maintenance, order collaboration, delivery tracking, quality feedback and performance evaluation. The system improves the accuracy and efficiency of supplier management, and drives the supply chain collaboration toward intelligent and digital transformation.

Conflict Minerals

The company fulfills social responsibilities and commits to implementing a responsible mineral management strategy. It firmly opposes any acts that damage the environment, violate human rights, fuel armed conflicts, or breach business ethics. The company takes conflict minerals into account in supplier selection and daily management, requiring all relevant suppliers to commit to material sources that comply with environmental and social responsibility standards.

Empowering Employees and Fostering Inclusive Growth

Company Actions

- Diversity and Inclusion
- Compensation and Benefits
- Employees' Rights Protection
- Democratic Governance
- Employee Wellbeing
- Occupational Health and Safety
- Employee Development

SDGs



Diversity and Inclusion

Inclusiveness and diversity are inherent cultural genes of the Company and a core driving force for team success. With a global layout, Loctek builds cross-cultural communication platforms to integrate talents from diverse countries and regions. While respecting cultural differences, the Company encourages the collision of diverse perspectives to form unique innovative momentum, empowering its international development.

During the reporting period

The Company had **1,280** employees stationed in the United States, Vietnam, the Philippines and other overseas regions, accounting for **32.2%** of the total workforce.

Case / Outstanding Overseas Employee Stories

With over a decade of industry experience, I was deeply attracted by the brand philosophy of Catherine Home and joined the company as a designer in 2025, focusing on the design of high-end furniture and customized works. During my tenure, I have collaborated closely with cross-functional teams and traveled to China on multiple occasions to participate in sample review, design optimization and product strategy formulation, adhering to creating market-oriented designs with distinctive value. Going forward, I aspire to grow together with the company and contribute to the launch of high-quality and influential products.



Outstanding Overseas Employees

Employee Recruitment

Loctek adheres to the principles of open recruitment, fair competition and proper job-person matching. The Company has formulated policies including the *Recruitment Management System*, *Onboarding Management System* and *Internal Referral Incentive Plan* to standardize recruitment procedures, improve talent selection and employment mechanisms, and realize the scientific and rational allocation of human resources.

During the reporting period

The Company recruited a total of **687** talents through internal selection, external recruitment and campus recruitment. It was listed on the "Talent Gazelle Enterprise" list and won the Best Employer Brand Award at the 8th China Human Resources Sirius Awards 2025, fully recognizing the company's outstanding achievements and industry reputation in employer brand building and human resource management.

Metric	Unit	2025
New Employees by Gender:		
Female	Person(s)	248
Male	Person(s)	439
New Employees by Re-cruitment Channel:		
Social Recruitment	Person(s)	599
Campus Recruitment	Person(s)	88



The 8th China Human Resources Sirius Awards – Best Employer Brand for Globalized Enterprises (2025)

Campus Recruitment

Loctek attaches great importance to college graduates' employment. It attracts university students through campus recruitment, university-enterprise cooperation and other initiatives, which not only helps ease the employment pressure of college students, but also delivers a steady stream of high-quality talents for the Company.

Loctek has carried out university-enterprise cooperation for 19 years since 2006. During the reporting period, the Company jointly established a Cross-border Intelligent Joint R&D Center with the College of Software, Zhejiang University, building a new talent training mechanism covering joint talent cultivation and project cooperation. It also received student delegations from Dongbei University of Finance and Economics, Zhejiang International Studies University and many other universities for corporate visits.

Loctek launched the 2025 Management Trainee Campus Recruitment Program. Featuring a distinctive training system including one-on-one mentoring, systematic rotational training and a clear fast-track promotion path, the Company strategically attracts and reserves outstanding young talents for long-term business development.

During the reporting period

The Company signed agreements with **7** universities to establish joint talent cultivation mechanisms and build practical training bases, and collaborated with **14** universities on technological research and innovation.

Case / Talents Gather in Yongcheng, Intelligent Yinzhou Forges Ahead — Young Talents Yinzhou Tour Enters Loctek

On April 21, as part of the "Gather in Yongcheng, Empower Yinzhou's Future" Young Talents Yinzhou Tour event, the Company welcomed outstanding students from top universities including Tsinghua University, Shanghai Jiao Tong University and Zhejiang University, aiming to attract and gather high-caliber talents from elite institutions.



Scene of "Gather in Yongcheng, Empower Yinzhou's Future" Event

Case University-Enterprise Linkage, Cultivating Talents for the Future

In December, teachers and students from the University of Nottingham Ningbo China visited Loctek for the university-enterprise open day activity. The participants gained an immersive experience of the company's corporate culture and conducted in-depth exchanges on innovation and entrepreneurship fund projects that integrate academic research with enterprise practice, laying a solid foundation for further in-depth cooperation between both parties.



Creative Employee ID Badge



Group Photo at the University-Enterprise open day Event

Case Campus Recruitment Activity at the University of Nottingham Ningbo China

In April, to attract more international and high-caliber talents, the Company actively carried out campus recruitment cooperation with the University of Nottingham Ningbo China. Resume collection and preliminary interviews were arranged at the recruitment site to efficiently select outstanding candidates matching job requirements, building up a talent reserve with global vision and professional competence for the company.



Loctek Campus Recruitment Fair Scene

Internal Job Mobility

The Company has formulated internal rules and regulations including the *Employee Transfer Management System*, *Resignation Management System*, *Resignation and Termination Procedures*, and *Labor Dispute Management Measures*, providing standardized guidelines for the full life-cycle management of labor contracts. Adhering to the principles of fairness and transparency, the Company offers clear resignation guidelines, emphasizes communication and feedback, and continuously optimizes employee experience. A multi-level dispute resolution mechanism has been established: in the event of labor disputes, department supervisors will first conduct mediation. If the issue remains unresolved, employees may further appeal to the Human Resources Department. For involuntary termination of employment, the Company conducts prior consultations and provides reasonable compensation as well as career transition support to minimize impacts on employees. Eligible resigned employees are also welcome to rejoin the Company.

Metric	Unit	2025
Number of Internal Employee Transfers	Person(s)	245
Internal Employee Transfer Rate	%	6.2

Providing Employment Opportunities for Special Groups

The Company actively fulfills social responsibilities and upholds the philosophy of humanistic care by prioritizing the recruitment of people with disabilities, veterans, and ethnic minorities. It has set up dedicated production lines for employees with disabilities and launched specialized training courses with guidance from designated teams, striving to build an equal, inclusive and supportive workplace for vulnerable groups.

During the reporting period

Another **8** employees with disabilities joined the Company.

Diversity Structure

Upholding the core value of perseverance and dedication, Loctek has built a dynamic and youthful workforce. The Company continuously empowers employees with capabilities and passion for innovation, creativity, adaptability and lifelong learning, and focuses on cultivating their global vision and cross-cultural insight. Meanwhile, the Company builds a high-quality career development platform to enable employees to leverage their talents, share development achievements, and forge ahead together.

As of the end of the reporting period

The Company employed a total of **3,974** staff members, including **608** local employees, accounting for **15.30%** of the total workforce. The proportion of employees with disabilities stood at **0.83%**, and ethnic minority employees accounted for **3.90%**.

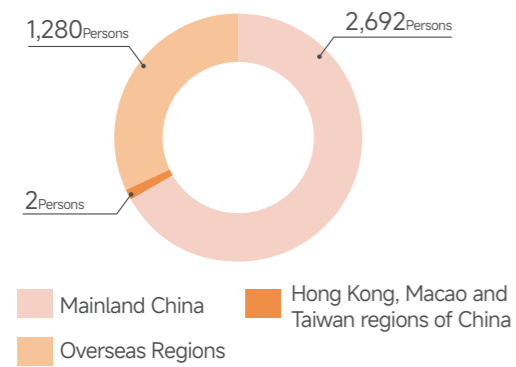
Key Performance

Total number of employees	Number of disabled employees	Number of minority employees
3,974 Persons	33 Persons	155 Persons
Number of veteran employees	Number of dispatched employees	Number of part-time employees
0 Persons	1,010 Persons	49 Persons

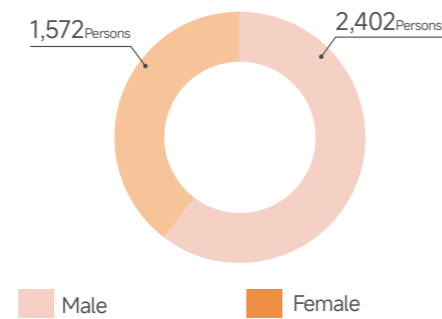
Note: The total number of employees covers those who have signed labor contracts with the Company, excluding dispatched workers and part-time employees.



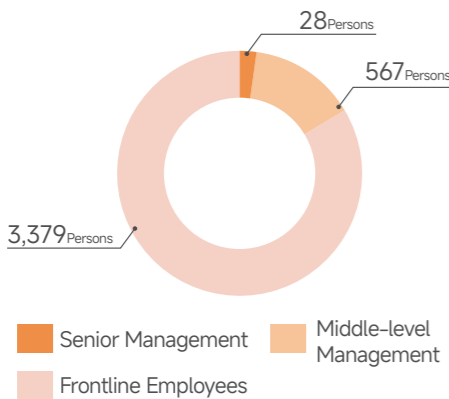
Number of employees by geographical region:



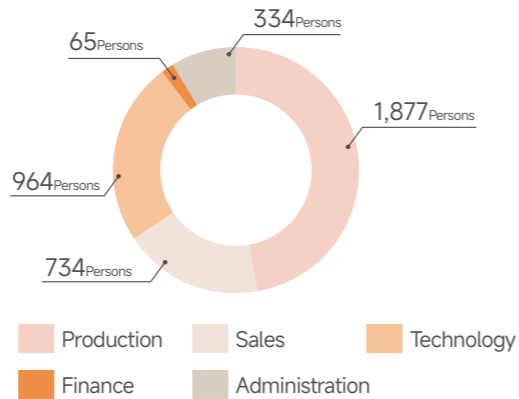
Number of employees by gender:



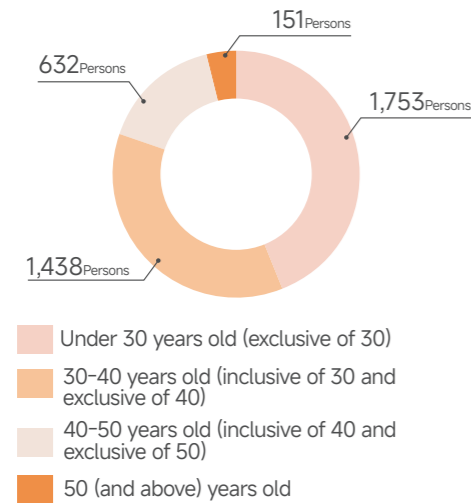
Number of employees by job level:



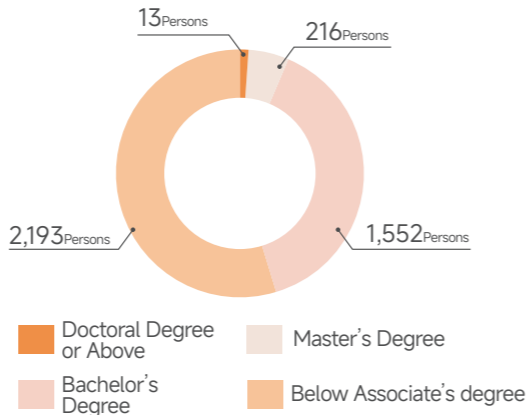
Number of employees by expertise:



Number of employees by age:



Number of employees by education:



Compensation and Benefits Management

Compensation and Benefits Management

Loctek adheres to the philosophy of performance-oriented as the core, position-based as the foundation, and competency-based as the criterion, and has formulated the *Organizational Performance Management System* and *Performance Appraisal Management System*. It clarifies that the company's compensation structure consists of basic salary, post salary, performance bonus, commission, project bonus, benefit sharing, special awards, and allowances and subsidies. The company takes local income levels into full consideration, and the compensation for grassroots employees is well above the local minimum wage standard.

As of the end of the reporting period

The average monthly salary of full-time grassroots employees in Ningbo exceeded the local minimum wage by **213%**; that of full-time grassroots employees in Guangxi exceeded the local minimum wage by **215%**.

The Company has formulated the *Organizational Performance Management System and Performance Appraisal Management System*, stipulating that performance appraisal results are linked to multiple dimensions including bonus distribution, salary adjustment, employee promotion, and equity and option allocation. If employees have objections to salary and performance appraisal results, they may file an appeal via the company's internal audit reporting platform on the intranet or directly feedback to the Human Resources Department. Relevant departments will handle the matter in a timely manner and inform employees of the outcome.

During the reporting period

The per capita salary of the Company reached **125,500** yuan, and the per capita revenue generation stood at **1,524,700** yuan.

Employee Incentives

To effectively enhance employees' work enthusiasm and creativity, the Company has established a variety of incentive mechanisms, including performance incentives, equity incentives, project incentives, sales incentives, over-target incentives, and year-end excellence selection. It has also launched an employee equity incentive plan, enabling employees to share the fruits of corporate development, strengthen corporate cohesion and competitiveness, and drive the Company's long-term growth. The Company has formulated the *Special Welfare Incentive Plan for Strivers* and set up special welfare incentives to reward quarterly S-level employees, fostering a workplace culture of dedication, commitment and diligent striving.

During the reporting period

The Company granted **303,063** shares of the second type of restricted shares to **50** eligible incentive recipients, aiming to attract and retain core key personnel and outstanding talents.

Case 2025 Spring Festival Annual Gathering & Annual Recognition Ceremony

In January, Loctek held its Spring Festival Annual Party and Annual Commendation Ceremony simultaneously at the headquarters as well as manufacturing bases in Ningbo, Guangxi and Vietnam. The event reviewed annual achievements and collectively commended outstanding employees for their remarkable performance.



Loctek Headquarters



Ningbo Jiangshan & Binhai Manufacturing Base



Guangxi Manufacturing Base



Vietnam Manufacturing Base

Case S-level Employee Incentive – Paid Overseas Trip Anytime

In February 2025, the Company organized S-level employees to take a trip to Vietnam. They experienced local customs and culture and tasted characteristic delicacies, which further enhanced employees' sense of belonging and well-being.



Vietnam Factory Tour



Beach off-roading

Improve Employee Welfare

The Company attaches great importance to employee well-being and has built a multi-level welfare security system covering health insurance, paid leave, vocational training and employee activities. It comprehensively safeguards employees' rights and interests, fosters a harmonious and positive working atmosphere, and motivates employees to grow together with the enterprise.

- Statutory Benefits**
 - Social insurance and housing fund, statutory holidays, marriage leave, maternity leave, paternity leave, bereavement leave, annual leave, sick leave, etc.
- Company Benefits**
 - Anniversary gifts, team-building activities, complimentary breakfast and lunch, gym access, holiday bonuses, annual health checkups, childcare benefits, extracurricular club activities, free online training platform access.
- Allowances and Subsidies**
 - Business trip allowance, seniority allowance, overseas assignment allowance, high-temperature allowance, communication allowance, parking subsidy, language proficiency allowance, meal subsidy.
- Working Hours and Leave Policies**
 - Loctek offers a variety of working time arrangements, including standard working hours, flexible working hours, and comprehensive working hours. The majority of positions follow the standard 8-hour workday. In addition to regular holidays, employees on long-term overseas assignments are entitled to additional family visit leave, team-based welfare, and reimbursement for travel expenses related to family visits.



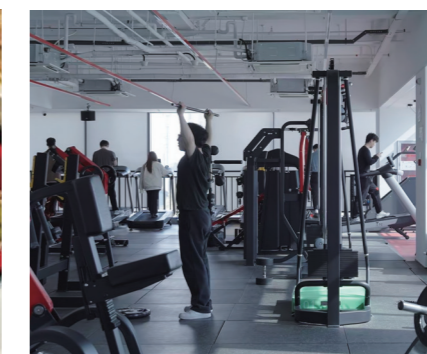
Staff Canteen



Staff Activity Center



Canteen Meals



Staff Gym



Spring Festival Gifts & New Year Goods

Return-to-work Subsidy ////

Every year during the post-Spring Festival return-to-work period, Loctek holds work resumption ceremonies at its headquarters and major production bases. The ceremonies are designed to encourage Loctek employees to return to their posts with a renewed spirit and the best wishes for the new year, embarking on a new chapter of their work journey.

Case 2025 Year of the Snake Auspicious Kick-off Event

Every year during the post-Spring Festival return-to-work period, Loctek holds a commencement ceremony at its headquarters and all major production bases. The event encourages employees to return to their posts with a refreshed mental state and good New Year wishes, embarking on a new journey.



Ningbo Jiangshan Auspicious Kick-off Event



Vietnam Kick-off Event



Chongqing Kick-off Event



Headquarters Kick-off Event



Binhai Kick-off Event



Guangxi Kick-off Event

Employee Stability ////

The Company attaches great importance to the stability of employees and teams. It proactively learns about difficulties encountered by employees in work and life and takes active measures to help them achieve work-life balance. At work, the company arranges mentors for every new employee to help them quickly adapt to the job and integrate into the team through mentorship. Meanwhile, internal job competitions and other channels are offered to provide employees with new development opportunities. In daily life, interest-free housing loans are available for eligible employees. The company also prepares departure gifts for resigning staff, creating a friendly offboarding atmosphere.

Protect Employees' Rights and Interests

Loctek adheres to the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* and other relevant laws and regulations. In its international operations, the Company complies with the principles of the United Nations Global Compact, the *Universal Declaration of Human Rights* and other international conventions. It has formulated institutional documents including the *Labor Contract Management System* and the *Employee Handbook*, and strictly implements a full-staff labor contract system to effectively protect employees' legitimate rights and interests. Meanwhile, the Company has established a three-tier governance framework for management responsibilities: the Board of Directors oversees overall strategy; senior management is responsible for implementation and coordination; and department heads undertake daily management to safeguard employees' lawful rights and interests.

During the reporting period

The labor contract signing rate and social insurance coverage rate both reached **100%**.

Labor Rights Protection

The Company is committed to safeguarding employees' fundamental rights and fostering an inclusive, respectful workplace. It has adopted policies such as the *Anti-Discrimination Procedures*, *Anti-Harassment and Anti-Abuse Procedures*, *Prohibition of Forced and Punitive Labor*, and *No Child or Underage Labor Policy*. These measures ensure fair employment practices, prohibit child and forced labor, prevent harassment and discrimination, and protect employees' rights to freedom of association, unionization, and collective bargaining.

During the reporting period

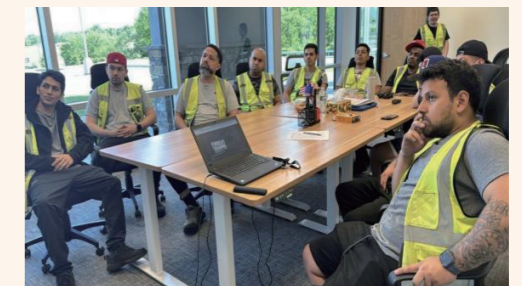
No incidents of discrimination, harassment, forced labor, or child labor occurred during the reporting period.

Safeguarding Overseas Employee Rights

Loctek's overseas subsidiaries are integral to its global operations and fully comply with local labor laws. For example, in the United States, the Company strictly adheres to the *Fair Labor Standards Act (FLSA)*, *Equal Employment Opportunity Commission (EEOC) Regulations*, and the *Family and Medical Leave Act (FMLA)* to ensure fair, safe, and respectful treatment of employees. The Company guarantees that all wages meet or exceed federal and state minimum wage standards and complies rigorously with overtime pay requirements. It fosters a work environment free of discrimination and harassment, grounded in equal opportunity across hiring, promotion, compensation, and benefits. Employees are provided with adequate support, including access to paid leave for personal or family medical needs, enabling a healthy work-life balance. No cases of discrimination, harassment, unpaid overtime, forced labor, or denial of leave entitlements were reported during the reporting period.

Case Overseas Harassment Prevention Training

In August, the Company organized employees in the United States to participate in government-sponsored sexual harassment prevention training, enhancing employees' awareness of self-protection.



Overseas Employee Harassment Prevention Training

As of the end of the reporting period

Loctek has established more than **30** overseas subsidiaries in **14** countries. Overseas employees account for approximately **32.2%** of the total workforce, and the coverage rate of training on diversity, equality and inclusion reaches **100%**.

Support for Female Employees

The Company is committed to fostering a diverse and equitable workplace ecosystem, attaching great importance to and fully unlocking the development potential of female employees, and ensuring clear career paths and smooth promotion channels for them. During the reporting period, the Company made solid progress in supporting women's career development.

Key Performance

Female employees account for **39.56%** of the total workforce, the female promotion ratio reaches **32%**, females occupy **28.57%** of the Board of Directors and **28.57%** of the senior management, and female technical staff account for **22.2%** of all employees.



Female Career Sharing

Case Outstanding Female Teams in the Workplace

In 2025, the European Independent Station Team, the US Independent Station Team and the European Amazon Team of Loctek's Overseas Brand Business Department were awarded the Business Breakthrough Award. Dominated by female members, these teams continuously pushed boundaries with wisdom and diligence and delivered outstanding business performance.



Outstanding Female Teams in the Workplace



Exclusive Benefits for Female Employees

In accordance with the *Employee Handbook*, the Company legally protects female employees' statutory leave entitlements including prenatal examination leave, maternity leave and breastfeeding leave. It prohibits salary reduction, dismissal, or termination of labor or employment contracts on the grounds of pregnancy, childbirth or breastfeeding of female employees.

The Company has set up lactation rooms at its headquarters and all production bases to provide convenience for breastfeeding female employees. Emergency sanitary napkin vending machines are also installed in female restroom areas for daily and emergency needs.

Key Performance

During the reporting period, **27** employees took maternity leave, and the maternity leave return-to-work rate reached **100%**.



Case Shine at Every Moment – Women's Day Themed Activities

On March 7, Loctek held a series of celebrations for International Women's Day. The events included flower-themed elevator decorations, the "Three Merits Female Employees Award Ceremony", and DIY workshops for bracelets and potted plants, conveying sincere respect and care for female employees.



Flower-themed elevators



Three Virtues Women Award Ceremony



DIY Bracelet Making Activity



DIY Potted Plant Activity

Democratic Governance

Employee Communication Channels

The Company firmly upholds employees' right to freedom of association and collective bargaining. It has established a trade union and continuously optimized the corporate democratic management system based on the trade union and employee representative congress, encouraging employees to actively participate in democratic management. The Company has built an all-round communication system combining online and offline channels. Offline channels include factory suggestion boxes, Voice of Employees, and Boss, Listen to Me activities. Online platforms such as the official WeChat account "Loctek Fan", office OA system (Lark), and feedback QR codes enable real-time communication and opinion collection to ensure smooth information exchange.

During the reporting period

The trade union organized **45** activities, convened **2** employee representative congresses, and reviewed and approved **2** matters.

Employee Complaints Mechanism

The Company has implemented the *Employee Communication and Complaint Management Procedure and the Labor Dispute Resolution Policy* to ensure that internal concerns can be raised through multiple channels, including verbal reports, written submissions, and roundtable discussions. Regardless of the nature of the complaint, the Human Resources Department is committed to fair, confidential, and timely resolution, with feedback provided within five working days. Constructive suggestions are forwarded to relevant departments, and employees who make valuable contributions may receive recognition or rewards.

Employee Satisfaction

The Company attaches great importance to employees' experience and demands, and has established a long-term mechanism for regular employee satisfaction and engagement surveys. By collecting and analyzing employee feedback, the Company targets and resolves existing problems, optimizes employee benefits, strengthens team collaboration and leadership, and promotes the sustainable and healthy development of the enterprise.

Key Performance

During the reporting period, a total of **2,268** employees participated in the satisfaction survey, with the overall employee satisfaction rate reaching **96.5%**.



Method

Questionnaire survey using anonymous method. The employee satisfaction analysis report includes the following: trends in employee satisfaction, items with the lowest satisfaction and corrective actions to be taken, and the extent to which issues raised in the previous survey have been resolved. After the satisfaction survey is completed, feedback on the survey results should be provided in a timely manner. For items with low satisfaction, improvement measures should be proposed, followed by supervision and inspection.

Survey Dimensions

Organizational culture, role clarity, career progression, learning and development opportunities, working conditions, compensation and benefits, performance management, occupational health and safety, leadership, and job suitability.

Target Participants

Covers five employee categories: management, R&D, production, finance, and administration.

Survey Frequency

Annually.

Satisfaction Survey Process



Employee Wellbeing

Employee Activities

Loctek always regards employee well-being as the cornerstone of corporate development, building a comprehensive and multi-level life care system for employees covering accommodation, catering, health and entertainment. The company provides safe and comfortable staff dormitories as well as balanced free staff meals. It is also equipped with a variety of sports facilities including a gym, table tennis room and basketball court. Various sports events and fitness courses are held from time to time to enrich employees' spare time and promote physical and mental health. For expatriate employees, the company launches a family connection program and arranges regular family visits to ensure family harmony for employees.

Case The 12th "Little Migratory Birds" Summer Camp of Loctek


In July, the company held the 12th "Little Migratory Birds" Summer Camp, providing more than 50 employees' children with one week of wonderful courses and fun activities.




The 12th "Little Migratory Birds" Summer Camp of Loctek

Case Rejoice in Health and Blessings Every Double Ninth Festival – 2025 Double Ninth Festival Family Day Activities


In October, Loctek launched the Double Ninth Festival Family Day activities. Employees' parents were invited to visit the company and taste staff meals to learn about their children's working environment. Anti-fraud lectures and physical check-ups were also arranged, fully reflecting the company's sincere care for employees and their families.




Parents visit Loctek



Police-led Anti-fraud Lectures



Physical Health Check-ups



Warm group photos

Case Joy Across the Globe, Warmth for Mid-Autumn Festival – Global Employee Mid-Autumn Care Initiative

On the eve of the Mid-Autumn Festival, Loctek launched themed care activities, including distributing welfare gift packages and organizing handmade mooncake workshops. The company extended festive greetings to overseas employees across borders and paid home visits to the families of expatriate employees in China, allowing staff at home and abroad to deeply feel the warmth of a big family.



Handmade Mooncake Making Activity



Traditional Mid-Autumn Festival Fun Interactive Games




Overseas Employees Mid-Autumn Festival Condolence




Condolence to Families of Expatriate Employees

Case "Joy in the Dragon Boat Festival, United as One" Themed Activities

On the eve of the 2025 Dragon Boat Festival, Loctek launched a series of themed activities under the slogan "Joy in the Dragon Boat Festival, United as One". Employees participated in innovative interactive sessions including the ergonomic-chair land dragon boat race, sachet making and themed dessert tasting. The activities enabled employees to experience traditional Chinese culture while enhancing team cohesion and collaborative spirit through creative team-building events.



Land Dragon Boat Race



DIY Dragon Boat Festival Sachets

Employee Assistance Program

Loctek has established an employee assistance mechanism to support staff facing sudden life difficulties and financial pressures caused by major family illnesses, accidents and other emergencies, providing timely and necessary assistance to help them to tide over hardships.

During the reporting period

the company offered support to **4** needy employees, with a total of RMB **115,000** granted in condolence funds and supplies.

Case Caring Assistance to Overcome Difficulties

In January, wildfires raged across California, USA. The home of Nikolas, an employee of Loctek's U.S. subsidiary, was burned down, leaving his family in severe hardship. The company immediately offered support by donating USD 5,000 and organizing voluntary donations from employees, raising over RMB 50,000 in total. In addition, the company granted the employee an extra 5 days of paid leave and advanced one month's salary, making every effort to help him to get through the difficult time.



Love and Support Through Hard Times

Occupational Health and Safety

Occupational Health and Safety Governance

The Company has formulated the *EHS Policy, Occupational Health Management System and Work Safety Objective Management System*. It has established an occupational health and safety management organizational structure led by the general manager and set up a work safety committee. Through on-site inspections and management account reviews, the Company provides solid institutional and organizational support for occupational health protection and work safety management. During the reporting period, the Company has obtained the ISO 45001 Occupational Health and Safety Management System certification.

Occupational Health Organizational Structure

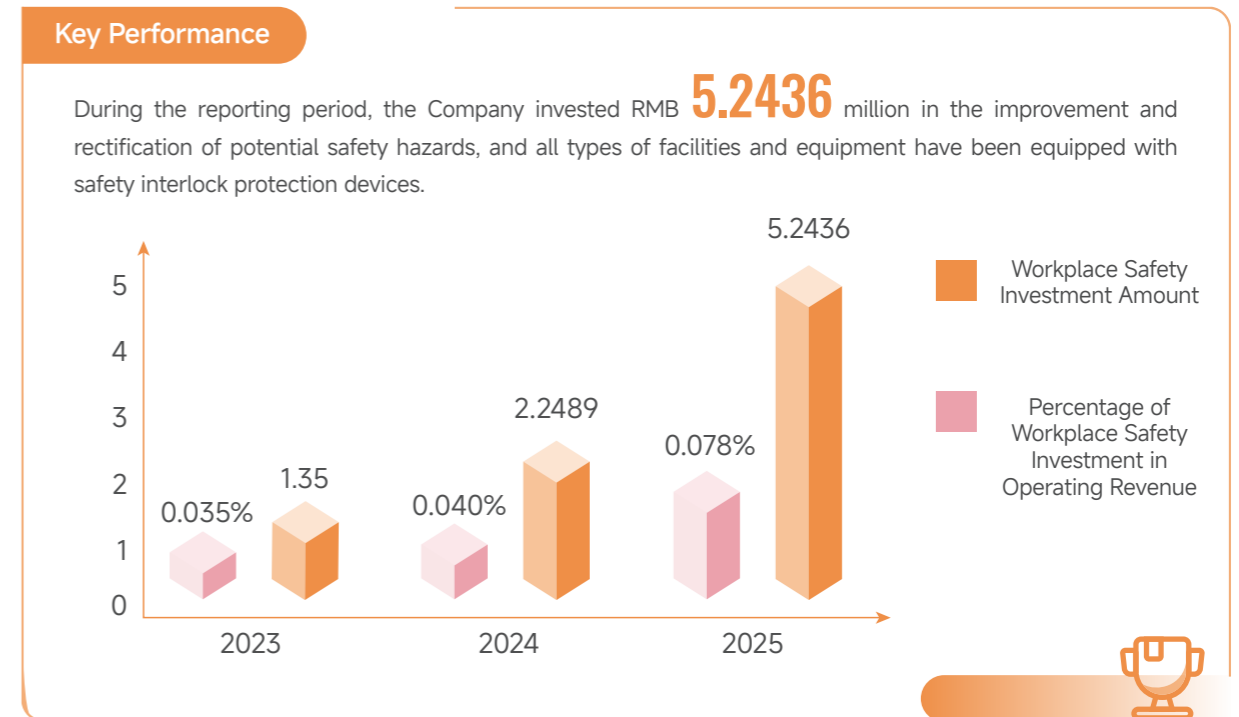
Responsible Department	Responsibilities
Safety Committee	Organize accountability assessments; implement workplace safety policies; establish a safety management grid; convene regular safety meetings.
Relevant Department	Organize system development and drills; carry out education, training and inspections; monitor major risks and take corrective actions; supervise implementation of rectification measures; arrange occupational health check-ups, education and training, and monitoring of occupational disease prevention.

Loctek Inc. ISO 45001 Occupational Health and Safety Management System Certificate

Jiangshan Plant ISO 45001 Occupational Health and Safety Management System Certificate

Guangxi Plant ISO 45001 Occupational Health and Safety Management System Certificate

The Company has formulated an assessment system for work safety responsibility system, with 19 full-time and part-time safety administrators on staff, supported by intermediate registered safety engineers. All employees have signed the *Work Safety Responsibility Letter* to clarify primary safety responsibilities, strengthen safety risk control, advance work safety management, and effectively prevent safety accidents. Meanwhile, the Company has established a sound safety assessment mechanism and set up a work safety responsibility assessment team. Safety assessment results are incorporated into employee performance appraisal to further consolidate safety management accountability.



Occupational Health and Safety Strategy

Loctek strictly complies with relevant laws and regulations, proactively identifies risks and opportunities in work safety, formulates targeted response measures against identified risks, consolidates the company's work safety line of defense, and safeguards employees' health and safety.



Occupational Health and Safety Risks

Risk Category	Risk Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Occupational Disease Risk	High noise and vibration generated by the operation of production equipment may cause hearing impairment and neurological problems among employees. Dust produced during cutting, grinding, electrostatic spraying and other processes is likely to cause pneumoconiosis. The use of strong acids, strong alkalis and various chemical agents in pretreatment, pickling and sewage station operations may lead to occupational health risks such as skin burns, respiratory irritation and chemical poisoning.	Low	Medium	Short-term	Operation	Medium	Increase in Non-operating Expenses	<ul style="list-style-type: none"> Provide employees with necessary labor protection supplies, including dust masks, noise-proof earplugs, anti-corrosion protective clothing, acid and alkali resistant gloves, and gas masks. Vertical eyewash stations and other facilities are equipped at operation sites. The Company regularly maintains occupational health and sanitation facilities, entrusts professional institutions to conduct testing in occupational hazard workplaces, implements risk notification for posts with occupational hazards, and arranges pre-job, on-the-job and post-resignation physical examinations with results disclosed publicly, ensuring effectiveness and transparency.
Workplace Accident Risk	Equipment failure due to aging, poor maintenance, or operator error could lead to fires, explosions, or mechanical injuries.	Low	Medium	Short-term	Operation	Medium	Increase in Non-operating Expenses	<ul style="list-style-type: none"> Implement preventive maintenance routines including inspection, cleaning, lubrication, and tightening to ensure equipment remains in good condition.

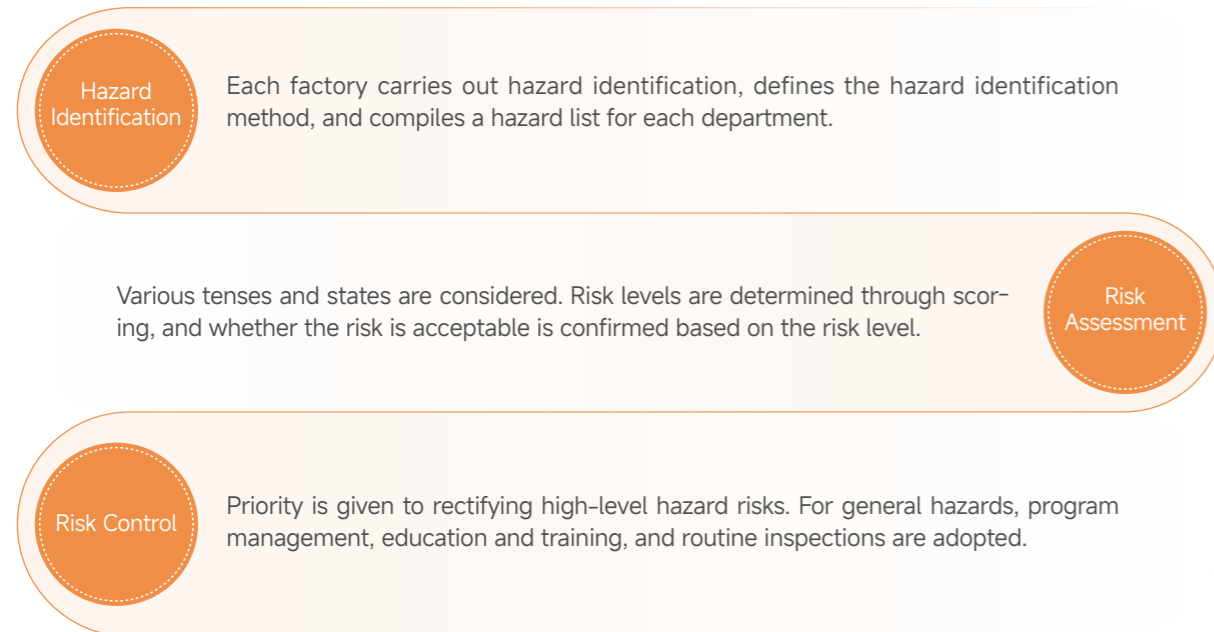
Potential Opportunities for Occupational Health and Safety

Opportunity Category	Opportunity Description	Probability of Occurrence	Impact Magnitude	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact Description	Mitigation Measures
Reputation Opportunity	Strict work safety management demonstrates the company's deep commitment to employees' health and safety, improves management efficiency, and enhances public trust and recognition of the enterprise.	Medium	High	Medium and long-term	Operation	Medium	Reduction in Operating Costs	<ul style="list-style-type: none"> The company has set up a dedicated safety supervision department to conduct regular safety inspections on production sites, so as to identify and rectify potential safety hazards in a timely manner.

Management of Occupational Health and Safety Impacts, Risks and Opportunities

Risk Identification and Assessment

Loctek actively commits to hazard identification. It compiles risk identification lists covering various potential hazards in production and daily operations, and formulates corresponding control measures to reduce the occurrence rate of safety accidents.



Work Safety Risk Identification and Evaluation Procedure

Process Supervision Measures

Loctek has formulated a series of work safety systems including the *Work Safety Inspection System*, *Forklift Safety Management System*, and *Safety Operating Procedures for Piston Air Compressors*. It has established a long-term mechanism for the investigation and rectification of potential safety hazards. The Safety Department is responsible for supervision and inspection. Centering on accountability implementation, the Company systematically identifies potential risks and conducts safety reviews to discover all types of hidden dangers. It strictly urges responsible departments to complete rectification in a timely manner, so as to realize effective control and source management of work safety risks.



On January 13, the Guangxi factory organized safety experts to conduct a comprehensive inspection of the production base to identify potential safety hazards.

Key Performance

During the reporting period, the Company conducted more than **2,200** on-site safety patrols, maintaining a **100%** intact rate of fire-fighting facilities. A total of **92** safety inspections were carried out, identifying **1,960** potential safety hazards for rectification. All **1,960** rectification items were completed and closed in a timely manner, achieving a **100%** hazard rectification and closure rate.



Emergency Response Management

Loctek has formulated and improved a complete set of emergency management systems, including the *Work Safety Accident Emergency Plan*, *Special Emergency Rescue Plan for Preventing High-temperature Heatstroke Accidents in Summer*, *Food Poisoning Emergency Drill Plan*, and *Workshop Electric Shock Accident Emergency Drill Plan*. The Company has established a management mechanism featuring hierarchical inspections, 24-hour on-duty arrangement and a company-level professional emergency team. It systematically identifies various potential safety risks in production and operation, ensuring rapid, scientific and effective emergency rescue responses to unexpected safety incidents so as to fully protect employees' safety and health.

Case High-temperature Heatstroke Emergency Drill

In August, Loctek conducted a high-temperature heatstroke emergency drill in the powder coating workshop of the Guangxi factory. The entire drill process, from accident reporting to medical transfer, was completed within 15 minutes, which effectively verified the feasibility of the emergency plan and the prompt response of each working group. Through this practical drill, employees further consolidated and proficiently mastered the emergency disposal procedures for high-temperature heatstroke incidents.



High-temperature Heatstroke Emergency Drill

Digital Safety Management

Loctek actively empowers work safety risk management with digital tools. By building and optimizing the digital management platform, the Company realizes dynamic monitoring of various safety risks at production sites. The platform can automatically identify abnormal working conditions, issue real-time early warnings, and assign rectification tasks via the APP system to remind safety management personnel to intervene and handle problems in a timely manner. It effectively improves the timeliness of risk identification and builds a solid digital line of defense for work safety.

As of the end of the reporting period

Loctek had maintained **1,376** consecutive days of safe production (starting from March 26, 2022).

Metric	Unit	2025
Number of Occupational Injuries	Person(s)	0
Number of Occupational Injuries per Hundred Million Yuan Revenue	Person(s) /Yuan	0
Occupational Injury Rate	%	0
Injury Rate per Million Work Hours	%	0
Number of Work-Related Fatalities	Person(s)	0
Work-Related Fatality Rate	%	0
Number of Work Days Lost Due to Occupational Injuries	Day(s)	0
Work Days Lost Due to Occupational Injuries per Million Yuan Revenue	Day(s) / Yuan	0

Occupational Health and Safety Indicators and Targets

Loctek has formulated the *Medium and Long-term (Five-Year) Work Safety Plan* and established a full-process safety management system covering safety culture development, hazard investigation, and work safety management. By closely linking work safety indicators with the performance appraisal of each department, the Company has built a work safety responsibility system featuring “everyone takes responsibility, every level assumes accountability, and each role fulfills its duties”, ensuring the effective implementation and continuous improvement of work safety targets.

Workplace Safety Goals	2025 Completion Status	2026 Planned Targets
The work-related minor injury accident rate is less than 3‰, the serious injury accident rate is less than 0.2‰, the fatality accident rate is zero, and the controlled rate of major hazard sources is 100%.	Achieved	Continuous Improvement
Traffic violations are controlled within 10%, and traffic safety accidents are zero.	Achieved	Continuous Improvement
Eliminate all types of fire hazards; the fire accident rate is zero.	Zero	Continuous Improvement
Safety protection devices for machinery and equipment are complete and effective; the machinery and equipment accident rate is zero.	Zero	Continuous Improvement

Strengthened Management Measures

Occupational Health Prevention and Control

The Company attaches great importance to occupational health protection, has formulated the *Occupational Disease Prevention and Control Management System*, and has adopted a full range of protective measures to fully safeguard employees’ physical and mental health as well as a safe working environment, thereby consolidating the line of defense for occupational health and safety.

Occupational Health Management Measures

- Monitoring of Occupational Disease Hazard Factors**
 - The company regularly engages professional third-party agencies to conduct systematic monitoring of occupational hazard factors at production sites, and publishes the monitoring reports to ensure effectiveness and transparency.
- Occupational Health Check-ups**
 - Occupational health examinations are strictly carried out in accordance with procedures for pre-employment, on-the-job, and off-the-job periods, and annual health check-ups are organized for employees. During the reporting period, the employee health check-up coverage rate was 100%.
- Occupational Disease Prevention Training**
 - The Company held the Occupational Disease Prevention Week, enhancing employees’ occupational health protection awareness and professional capabilities through targeted training and assessment. Occupational hazard notification cards were placed in workshops to clearly specify the types of occupational hazards, potential health impacts, and corresponding response measures. During the reporting period, the training sessions of the Occupational Disease Prevention Week recorded 3,148 person-times of participation.
- Provision of Personal Protective Equipment (PPE)**
 - In accordance with the *PPE Wearing Standards for All Positions*, the Company provides employees with personal protective equipment, including earplugs, safety boots, goggles, protective gloves, and safety shoes, to reduce the risk of occupational diseases among staff.
- Employee Mental Health Care**
 - The company encourages employees to participate in sports activities by providing financial and venue support, and regularly organizes activities such as basketball games, karaoke, and book reading;
 - Promote mental health awareness, provide mental health education, and regularly organize employee activities to reduce work-related and psychological stress.

	Metric	2025 Achievement Status
Occupational Health Protection Measures	Number of New Occupational Disease Cases	0
	Occupational Disease Incidence Rate	0%
	Monitoring Compliance Rate for Occupational Disease Hazard Factors	100%
	Rate of pre-job three-level safety training for employees	100%
	Licensed Operation Rate for Special Operation Personnel	100%

Health Insurance Enrollment

Loctek has uniformly purchased the “Tianyi Yongning Insurance” for all employees for five consecutive years, effectively complementing basic medical insurance and reducing employees’ medical expense burden. During the reporting period, the Company completed the insurance enrollment of 2,039 employees. Meanwhile, the Company arranges regular physical examinations for employees to provide scientific health assessment and professional guidance. It also holds various health lectures to help employees establish sound health concepts, safeguarding their physical and mental well-being in multiple dimensions.

As of the end of the reporting period

A total of **10** employees have received compensation claims from the Tianyi Yongning Insurance.

Case Hospital-Enterprise Co-construction for Employee Health Care

In April, Loctek invited a team of medical experts from Ningbo No. 2 Hospital to hold an on-site free clinic activity. Featuring health lectures and multi-disciplinary consultations, the event provided employees with convenient and professional health services



Charitable Free Clinic Activity

Cultivate a Robust Safety Culture

To further raise employees’ awareness of work safety, Loctek formulated the *2025 Annual EHS Training Plan*. The Company regularly carries out various measures and activities to strengthen safety awareness, systematically organizes training on work safety laws, regulations and safety certification, and introduces external professional resources to deliver specialized safety training. Through first-aid lectures, Work Safety Month campaigns, safety competitions and regular work safety training, the Company has effectively improved all employees’ safety literacy and emergency response capabilities, providing solid support for the sustained and stable performance of corporate work safety.

Safety Education Content

- Safety Skills Education** ▶ Learn the use and practical skills of workplace equipment and personal protective equipment (PPE); master accident handling and self-rescue capabilities.
- Safety Knowledge Education** ▶ Learn general enterprise knowledge, general safety knowledge, and specialized safety knowledge.
- Safety Regulations Education** ▶ Learn national safety regulations, industry safety regulations, and corporate workplace safety rules.
- Safety Ideology Education** ▶ Learn ideological education and discipline education.

Case Training on the Use of Occupational Health Protection Facilities

In July, Jiangshan Factory organized special training on the use of occupational health protection facilities at the packaging workshop site.



Training on the Use of Occupational Health Protection Facilities in Packaging Workshop

Safety Education and Training

Metric	Unit	2025
Total Safety Training Investment	Ten thousand Yuan	74.73
Number of Safety Training Sessions	Sessions	320
Number of Participants in Safety Training (Person-Times)	Person-Times	20,908
Total Safety Training Hours	Hour(s)	332
Cumulative Total Safety Training Hours for All Personnel	Hour(s)	21,744
Average Safety Training Hours per Employee	Hour(s)	11
Safety Training Coverage Rate	%	100
Safety Risk Protection Training Coverage Rate	%	100

Contractor Safety Management

To standardize the safety management of contractors, the Company has formulated the *Relevant Party Safety Management System* and the *External Construction Safety Management Agreement*. These documents clarify the safety management responsibilities and requirements for relevant parties including suppliers, contractors and external construction personnel, ensuring that all operational activities carried out by external parties within the Company's premises comply with safety specifications.

During the reporting period

the Company provided safety education and training for **29** person-times of relevant parties such as contractors and suppliers.

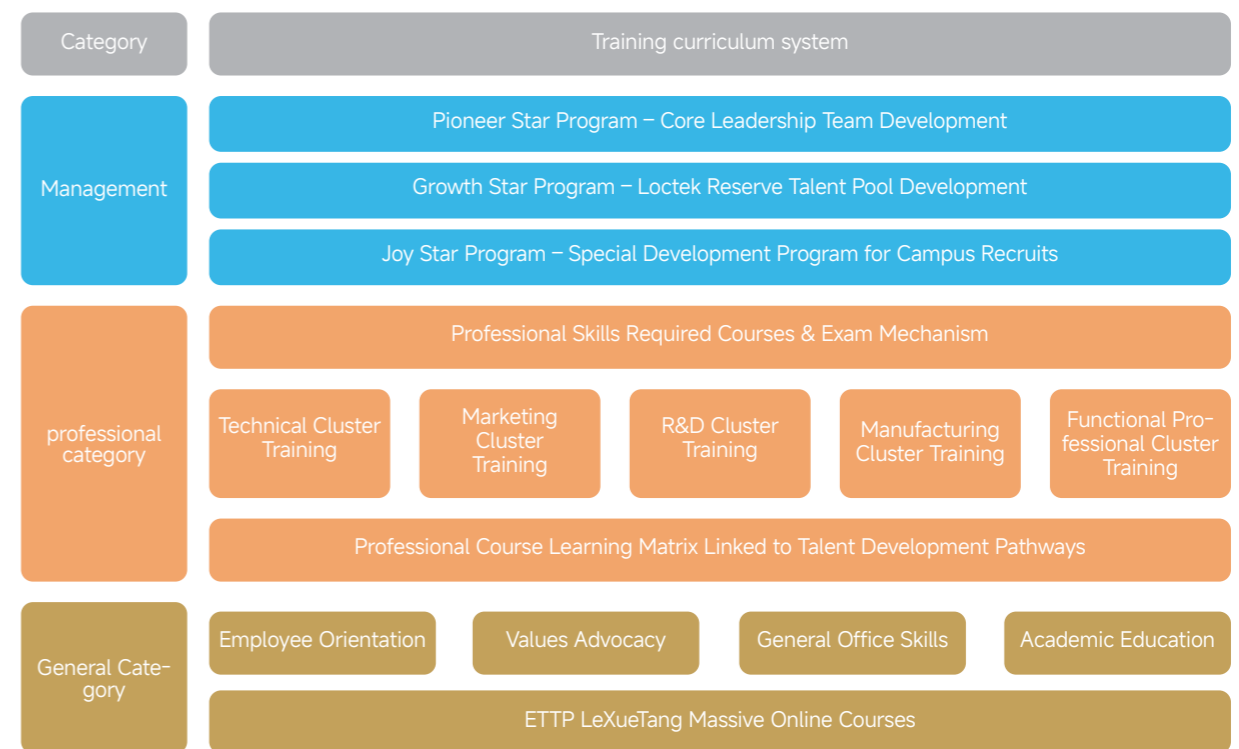
Employees Development

Employee Training and Development Framework

Loctek attaches great importance to the professional competency development of employees. Adhering to the talent employment philosophy of fairness, transparency and openness and the talent cultivation ethos of globalization, innovation and youth empowerment, the Company has formulated the *Employee Development and Training Management Policy*. It standardizes employee training administration and establishes a full-lifecycle training system covering new employee onboarding, in-service skill enhancement, managerial competency advancement and professional technical proficiency upgrading. Targeted development programs are tailored for employees, and the training mechanism is optimized on an annual basis to achieve mutually beneficial growth for both the enterprise and its workforce. The Company adopts a diversified training model incorporating online courses, offline sessions and external professional instructors. With targeted training arrangements and a robust training effectiveness evaluation mechanism, it has built a virtuous cycle of training—assessment—optimization—retraining, effectively translating training outcomes into tangible improvements in employee capabilities and driving the sustainable development of the Company.

During the reporting period

The average annual training hours per employee reached approximately **32** hours for management training, **34** hours for professional competency training, and **30** hours for leadership training, with the overall average annual training duration per employee standing at around **32** hours.



Talent Development System

- New Employee Development**

The Company provides comprehensive training for new recruits covering corporate culture, internal policies, professional skills and product knowledge, enabling new employees to integrate into the organization efficiently and smoothly.
- Leadership Development**


Through mentorship, role-playing and practical management training, the Company cultivates outstanding talents for the management track and optimizes its reserve talent pipeline.
- Employee Self-Development & Growth**

The Company actively encourages employees to pursue further academic education. Employees who obtain state-recognized college or bachelor's degrees are eligible for tuition reimbursement. Meanwhile, Loctek strongly supports employees' participation in vocational skills training and provides abundant learning channels and resources to facilitate professional qualification certification.
- Professional Competence Development**

The Company provides professional training courses for employees across all positions, covering manufacturing, marketing, R&D and functional departments.

Case / New Employee Training


To help new recruits quickly to familiarize themselves with corporate culture, integrate into the workplace, and master job-specific skills, the Company has established a systematic and multi-dimensional new employee development system. The training curriculum covers the company's development history, organizational structure, core values, internal rules and regulations and other foundational modules. It effectively shortens the adaptation period for new joiners, enhances their sense of identity and belonging, and lays a solid foundation for the Company's talent echelon development.



New Employee Training

Case / "Talent Development Day", Nearly 200 Employees Certified

On September 15, Loctek held the "Talent Development Day" simultaneously at three locations: Binhai, Jiangshan and the headquarters. Nearly 200 employees participated in independent vocational skill level assessments covering intermediate engineer professional titles, e-commerce specialists, welders, forklift operators and other professional categories. The event not only supports employees in obtaining officially recognized professional qualifications, but also empowers the Company to build a diversified talent development ecosystem and enhance the overall competency of the team.

Vocational Skill Assessment

Case / Leadership Competence Development

The Company provides practical leadership enhancement training for middle and senior management personnel. The training innovatively adopts a three-stage development model of theoretical teaching, case discussion and action learning. Combined with the Company's actual business scenarios, targeted research projects on key management challenges have been set up. Through systematic and practical training, participating managers have achieved remarkable improvement in core competencies including strategic planning, team leadership and complex problem-solving.




Management Competence Development

Internal Trainer Team

Loctek has established a standardized instructor selection system and built a professional internal trainer team. Undertaking the core mission of internal corporate training, the team effectively facilitates knowledge inheritance and employee growth, serving as a key bridge between the Company's strategic implementation and talent development.

During the reporting period

The Company cultivated a total of **127** internal trainers, including **20** senior instructors and **107** certified instructors.

Case / "New Gifts for Mentors" Teacher's Day Themed Activity

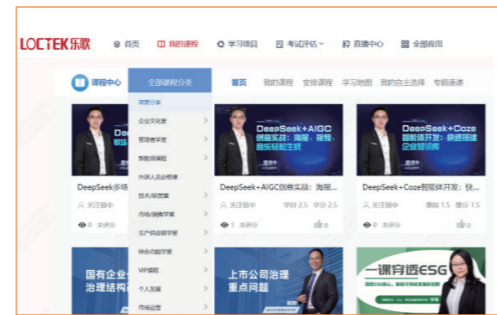
On September 10, Teacher's Day, Loctek held the themed activity "Shuxiu New Rituals" for all internal trainers and mentoring staff. By presenting symbolic gifts and fresh flowers in a blend of traditional etiquette and modern warmth, the company expressed sincere respect and gratitude to workplace mentors. The activity further strengthened the corporate mentor culture of gratitude and mutual support, and advanced the development of a learning-oriented organization.



Internal Mentor Team

Digital Learning Platform Construction

Loctek actively promotes the construction of a digital learning platform and has built an intelligent learning system — “LeXueTang”. Integrating multiple functions including online course learning, digital examination, training management and knowledge accumulation, the platform offers a rich curriculum system that meets the differentiated learning needs of employees at all levels and across all positions. It continuously empowers individual career development and organizational capability improvement, realizing coordinated growth of employees and the Company.



LeXueTang Online Training Platform

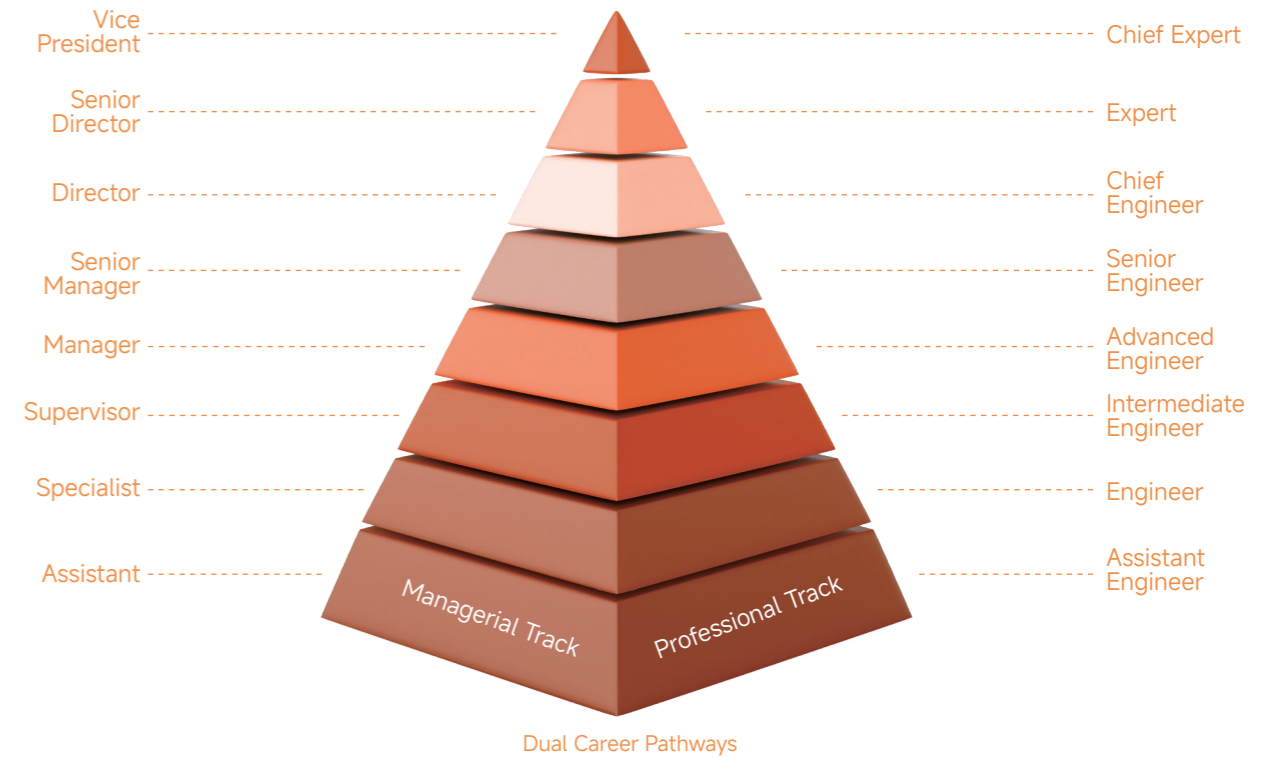
As of the end of the reporting period

LeXueTang has covered all employees, with a total of **9,423** online courses including existing resources and independently developed internal courses.

Metric	Unit	2025
Employee Training Investment	Ten thousand Yuan	143
Training Investment per Employee	Yuan	360
Training Investment per Million Yuan Revenue	Ten thousand Yuan / Million Yuan Revenue	0.02
Number of Training Sessions	Sessions	565
Total Number of Employees Trained	Persons	3,974
Total Attendance (Person-Times)	Person-Times	31,075
Employee Training Coverage Rate	%	100
Total Training Hours	Hours	757
Average Training Hours per Employee	Hours	32

Establish Career Development Pathways

The Company has formulated the *Employee Promotion Management System* to design career development pathways tailored to job requirements and personal conditions for employees. It has established a dual promotion channel for management and professional tracks, helping employees realize their personal value. Over the past three years, internal promotion has achieved remarkable results, with nearly half of middle and senior managers promoted from within the Company. Going forward, the Company will further clarify career development pathways and attract more dynamic and innovative talents to join.



Key Performance

As of the end of the reporting period, the Company has **66** employees with senior professional titles and **153** employees with intermediate professional titles.



Category	Total Number of Employees	Number of Employees with Job Grade Promotion Compared to Same Period Last Year	Promotion Rate
Non-Operational	1,824	179	9.81%
Operational	2,417	77	3.19%
Total	4,241	256	6.04%

Note: The total headcount of operational and non-operational staff includes both active and separated employees.

The Company has formulated the Implementation and Management Measures for the Striver Improvement Program, and established a special competency improvement mechanism for employees with continuous underperformance. The Company assists employees in identifying competency deficiencies and formulating personalized improvement plans. For those who fail to meet job performance standards after targeted coaching and support, the Company will launch diversified adjustment measures including job transfer assessment to continuously optimize the allocation of human resources. The mechanism fully embodies the talent management philosophy of “strict management and sincere care”, and promotes the mutual growth of the organization and employees.

Promoting Business for Good through Public Welfare

Company Actions

- Public Welfare and Charity
- Educational Access
- Universal Participation in Charity
- Community Communication and Exchange
- Support for Rural Revitalization
- Belt and Road Initiative Participation
- Local Community Development

SDGs



Public Welfare and Charity

Upholding the philosophy of business for good, Loctek has established a cultural communication center to deeply integrate philanthropy into corporate culture. The Company coordinates its subsidiaries and branches to carry out a full range of public welfare and charitable initiatives. Loctek has set up a RMB 40 million Leshan Charitable Fund under the Yinzhou Charity Federation, specially dedicated to student grants, faculty scholarships, poverty alleviation, rural revitalization and other charitable causes. We have also formulated institutional arrangements to ensure sustainable financial and human resource input into philanthropic undertakings, and consistently fulfill our corporate social responsibilities.

Key Performance

During the reporting period, Loctek made total charitable donations of RMB **2.118** million and launched a total of **9** public welfare and charitable initiatives.



Educational Access

The Loctek Scholarship was initially established in 2024 by Mr. Lane Shaw, Founder and Chairman of Loctek, and an outstanding alumnus of the 1993 physics cohort at Ningbo University. The scholarship aims to support students from disadvantaged backgrounds and reward outstanding talents. In 2016, Loctek set up the Loctek Innovation Incentive Fund at Ningbo University. In 2021, the Company further donated RMB 10 million to boost the development of education. As of the end of the reporting period, the scholarship program has been awarded for 19 consecutive years across multiple disciplines, benefiting more than 1,000 teachers and students in total.

Under the leadership of Chairman Lane Shaw, Loctek has successively established scholarships and teaching grants at Ningbo University of Technology, Ningbo Institute of Technology, Zhejiang University, the University of Nottingham Ningbo China and other higher education institutions, benefiting over 2,500 teachers and students in total. At present, Loctek's annual investment in scholarship programs stands at approximately RMB 2 million.

Support University Innovation and Entrepreneurship

In 2022, Loctek optimized the selection mechanism of its innovation scholarships. By providing more internship opportunities and strengthening academic research guidance, the Company encourages college students to engage in innovation and entrepreneurship practices and supports university talent development. In 2025, Loctek further deepened cooperation with Ningbo University, Ningbo Institute of Technology, Zhejiang University, the University of Nottingham Ningbo China and other higher education institutions. More than 359 students and research teams participated in research projects, effectively enhancing students' practical capabilities and scientific research literacy, and earning wide recognition from all sectors of society.

Case / Loctek Innovation and Entrepreneurship Fund at the University of Nottingham Ningbo China

On March 16, the University of Nottingham Ningbo China held the award ceremony for the 2024–2025 Loctek Innovation and Entrepreneurship Scholarship. A total of 16 participating teams and individuals received honors.



2024-2025 Academic Year Loctek Innovation and Entrepreneurship Award Ceremony at the University of Nottingham Ningbo China

Case / The 19th Consecutive Year! Loctek & Ningbo University Hold Successful Award Ceremony for the RMB 10 Million Innovation and Entrepreneurship Scholarship Program

On April 17, Ningbo University held the 2023–2024 Outstanding Student Commendation Ceremony, during which the awarding ceremony of the Loctek Innovation and Entrepreneurship Scholarship was concurrently held. A total of 118 students received the scholarship.



At the 2023–2024 Outstanding Student Commendation Ceremony of Ningbo University, representatives from Loctek presented awards to the winning students.

Educational Equity

Committed to advancing educational equity, Loctek launched the Ya'an paired student aid program in 2013, providing an annual grant of RMB 10,000 per beneficiary until their graduation from university. The first batch of seven sponsored students have all successfully graduated and entered the workforce. In 2022, the Company launched the second phase of the Ya'an student aid program, supporting seven students affected by the September 5 Luding earthquake.

In November 2022, Loctek launched the Merit Scholarship and Student Aid Program at Maoshan Primary School in Jiangshan Town, Yinzhou District, Ningbo. The funds are mainly raised through the company's Employee One-Day Charity Donation campaign. As Loctek's flagship initiative for universal philanthropy, the program marks a meaningful shift from corporate-led charity to broad employee participation, serving as an important platform for all staff to engage in public welfare on a regular basis.

Since the launch of the program, Loctek has donated a total of over RMB **256,311**. A total of 256 students have received merit scholarships and **31** students have been granted paired financial assistance. The initiative has gained wide recognition and positive responses from the local community. Inspired by Loctek's philanthropic efforts, a local Taiwanese resident established the "Shen Family Scholarship", forming a heartwarming story of kindness and public welfare inheritance.

Case 2025 Financial Aid Disbursement – Phase II Ya'an Student Support Program

On January 21, representatives of Loctek visited Shimian County in Sichuan Province and jointly held a scholarship distribution ceremony with the Communist Youth League Shimian County Committee. Each of the seven paired students received a scholarship of RMB 10,000, together with a winter care package including gloves, a hat, a scarf and a thermos cup.



Scene of the 2025 Student Aid Grant Ceremony held by Loctek in Shimian County

Case 2025 Merit and Student Support Program at Maoshan Primary School

On February 13, Maoshan Primary School in Jiangshan Town held its new semester opening ceremony. Representatives of Loctek presented certificates and gifts to students awarded the Loctek Scholarship.



Scene of the 2025 Loctek Scholarship Award Ceremony at Maoshan Primary School

Case April "Happy Growth" Loctek & Maoshan Primary School Pairing Assistance Public Welfare Activity

On April 20, Loctek launched a spring paired student aid public welfare activity for Maoshan Primary School. The Company organized 20 aided students to visit the Ningbobang Museum, where they learned the pioneering and striving spirit of "daring to be the first in the world" embodied by the Ningbo merchants. Afterwards, the students participated in nature study activities at Ningbo Botanical Garden. They explored natural scenery, created leaf artworks and made plant specimens, acquiring knowledge and growing happily through immersive practical experience.



April "Happy Growth" Paired Student Aid Public Welfare Activity (Loctek & Maoshan Primary School)

Case November "Happy Growth" Paired Student Aid Public Welfare Activity (Loctek & Maoshan Primary School)

On November 23, Loctek held an autumn paired student aid public welfare activity for Maoshan Primary School. The aided students visited the Life Science Museum to learn popular science knowledge about the origin of life and participated in the interesting course "Exploring the Secrets of Sports". Integrating education with entertainment, the activity enabled children to acquire new scientific knowledge through immersive exploration, enrich their horizons, and support their happy growth and all-round development.



November "Happy Growth" Paired Student Aid Public Welfare Activity (Loctek & Maoshan Primary School)

"Future" Education Fund

In September 2024, the Zhan Future Education Fund was initiated by the People's Government of Zhanqi Town, Yinzhou District, Ningbo. Loctek set up a designated naming fund of RMB 2 million with an annual contribution of RMB 100,000. The fund is used to reward outstanding teachers and students and support students from needy families in five schools within Zhanqi Town and Yinzhou Economic Development Zone, contributing to the high-quality development of local education.

Universal Participation in Charity

Universal philanthropy serves as an important part of advancing common prosperity. The Company strives to build a philanthropic culture with Loctek characteristics. In 2025, it held the 4th "One-Day Charity Donation" campaign and organized the Loctek Volunteer Team to participate in large-scale volunteer services. Through internal advocacy and external media coverage, the Company guides employees to pay attention to, embrace and engage in philanthropy, fostering a positive atmosphere of universal kindness and public welfare participation.

Case Loctek's "Charity One-Day Donation" Event

On June 27, Loctek launched the 2025 "One-Day Charity Donation" campaign. Employees from the Company's subsidiaries and branches worldwide responded actively and donated generously to deliver kindness. The campaign realizes the global dissemination of corporate philanthropic culture and serves as an innovative practice of the universal philanthropy concept. All raised funds will be specially allocated to the Merit and Student Support Program at Maoshan Primary School, continuously supporting the development of local basic education.



Loctek's "Charity One-Day Donation" Event

Community Communication and Exchange

Loctek deeply promotes community co-construction and actively integrates into local community governance through regular communication and interaction. Focusing on residents' practical needs and livelihood concerns, the Company strengthens collaboration with community stakeholders and launches diverse people-benefiting initiatives to continuously enhance residents' well-being and sense of gain. Rooted in the local community, Loctek fulfills corporate social responsibilities and empowers the harmonious, stable and high-quality development of communities.

Case Health Awareness Campaign

In May, Loctek carried out public welfare spine health popularization activities in local communities of Ningbo. The employee volunteer team systematically explained the basic structure of the spine, prevention knowledge of common spinal diseases and daily maintenance skills for community residents. On-site guidance was provided for residents to practice spine health exercises designed for office workers. With simple and practical movements, the activities effectively helped residents relieve neck, shoulder and spinal pressure, popularized scientific and healthy lifestyles, and practically served the livelihood needs of the community.



Spinal Health Awareness Campaign

Support for Rural Revitalization

Loctek actively responds to the national initiative of comprehensively promoting rural revitalization and consolidating the achievements of poverty alleviation, and supports rural development in diversified ways. In 2022, the Company participated in the “Ten Thousand Enterprises Revitalizing Ten Thousand Villages” paired assistance program for central and western China. It formed a partnership with Ribuzuo Village, Xiqiu Township, Muli Tibetan Autonomous County, Liangshan, Sichuan. Long-term friendly cooperation has been established in economic development, rural revitalization and grass-roots Party building, continuously empowering rural revitalization in ethnic minority areas.

Loctek innovates the rural assistance model and fulfills social responsibilities by supporting farmers through purchasing instead of donating by targeted procurement of agricultural and sideline products from underdeveloped areas. The purchased products are distributed as employee benefits or presented to groups who have made outstanding contributions to society. By virtue of consumption-based assistance, the Company effectively helps to increase farmers’ income, empowers rural industrial development and delivers long-term public welfare value.

Case Baoxing Mountain Delicacies Public Welfare Supermarket – Procurement of Agricultural Specialty Products to Support Farmers

On July 16, the Company carried out consumption-based rural assistance by purchasing agricultural products worth nearly RMB 50,000 from the Baoxing Shanzhenhui Public Welfare Supermarket. This purchase marks the largest single order since the supermarket’s establishment over the past four years, boosting the high-quality development and income growth of rural characteristic industries through practical consumption support.



Banner Presented by Baoxing Shanzhen Public Welfare Supermarket

Belt and Road Initiative Participation

Guided by the Belt and Road Initiative proposed by General Secretary Xi Jinping, Loctek has actively acted upon this vision and invested in the construction of its manufacturing base in Vietnam in 2016. In 2025, the Loctek Vietnam Manufacturing Base will maintain steady growth, creating a large number of local jobs, promoting the improvement of the industrial chain, elevating local living standards, and facilitating cultural exchanges and cooperation. Meanwhile, the company’s global customer service center in the Philippines has continuously optimized its services, with a stable workforce of approximately 150 employees, providing higher-quality and more efficient services to customers worldwide and consolidating cooperation between China and the Philippines in the service sector.



Global Service Center in the Philippines

Local Community Development

In the process of global business expansion, Loctek actively fulfills overseas social responsibilities, respects local cultures of project locations, integrates into local communities, creates economic and social value for local regions, and promotes common development. In 2020, Loctek donated protective garments to Kaiser Alameda Hospital in San Francisco, USA, and continued to deepen cooperation with local community organizations. It donated ergonomic chairs to the Variety Boys & Girls Club to improve its office environment for teenagers, further expanded the scope of public welfare efforts, and established ties with more local community institutions.

Case Care in Motion: The Company Supports Sports Development in the Apple Valley Community

On February 11, the Company donated 10,000 US dollars to the Apple Valley Marathon Organizing Committee in the United States, specially supporting the holding of the annual marathon and the development of community public sports. The donation effectively boosts local public health and sports culture construction, and enhances the company’s local brand image and community engagement, and further deepens long-term cooperative ties with local organizations.

Case Public Welfare Partnership: FlexiSpot Cooperates with Apple Valley Fire Department to Safeguard Occupational Health

On May 12, FlexiSpot Inc. donated ergonomic massage chairs and other supplies to the Apple Valley Fire Department in the United States. These products are dedicated to helping frontline firefighters rest, recover and receive rehabilitation training after duty, effectively reducing the risk of long-term occupational health injuries. The donation further strengthens the connection between the company and local public service organizations and lays a solid foundation for in-depth cooperation in community public welfare in the future.



Donation Ceremony at Apple Valley Fire Department, USA

Appendix

Index of Key Performance

Table of Contents		Guidelines No. 17 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)	Guidelines for Chinese Enterprises' Sustainable Development Reports (CASS-ESG 6.0)	Sustainability Reporting Standards ("GRI Standards")
Foreword		Art. 4 / Art. 6	P1.1/P1.2	102-6/102-10/102-45/102-46/102-52/105-50/2-1/2-2/2-3
Message from the Chairman		/	P2.1	/
About Us		Art. 6	P3.1/P3.2/P3.3	102-6/102-10
Overview of 2025 Outstanding Achievements		/	A2	/
Sustainability Governance		Art. 51 / Art. 52 / Art. 53	G1.1.1/G1.1.2/G1.1.5/G1.1.6/G1.1.7/G1.1.8/G1.1.9/G1.1.10/G1.1.11/G1.2.3/G1.2.4/ G1.3.1/G1.3.2	2-22/2-29/3-1/3-2/3-3
Special Topic: ESG Practices of Lecangs		/	/	/
Integrity and Compliance: Strengthening Sustainable Governance	Corporate Governance	Art. 51	/	102-18/102-22/102-24/2-9/2-12/2-13
	Investor Relations Management	/	/	/
	Compliance and Risk Control	/	/	102-15
	Business Ethics and Anti-corruption	Art. 54 / Art. 55 / Art. 56	G2.1.1/G2.1.2/G2.1.3/G2.1.8/G2.2.1/G2.2.2	205-3/206-1
	Information Security and Privacy Protection	Art. 48	S3.4.1/S3.4.2/S3.4.3/S3.4.4	418-1
Green and Low-Carbon Development for Environmental Sustainability	Response to Climate Change	Art. 20/Art. 21/Art. 22/Art. 23/ 第 Art. 24	E1.1.1/E1.1.2/E1.1.3/E1.1.4/E1.1.6/E1.1.7/E1.1.8/E1.1.12/E1.1.13/E1.1.15/E1.1.16	305-1/305-2/305-4/305-5
	Climate Action	Art. 20 / Art. 21 / Art. 22 / Art. 23 / Art. 24 / Art. 27 / Art. 28 / Art. 32	E3.3.2/E3.3.3/E3.3.6	/
	Environmental Management	Art.29 / Art.30 / Art.31 / Art.33	E2.1.1/E2.1.2/E2.1.3/E2.1.5/E2.1.6/E2.1.7/E2.1.8/E2.1.9/E2.2.1/E2.2.2/E2.2.3/ E2.2.4/E2.2.5/E2.2.6/E2.2.7/E2.4.1/E2.4.2/E2.4.3/E2.4.4/E3.3.4	306-1/306-2/306-3/306-5
	Resource Efficiency	Art. 34 / Art. 35 / Art. 36 / Art. 37	E3.1.1/E3.1.2/E3.1.3/E3.1.4/E3.1.5/E3.2.1/E3.2.2/E3.2.3/E3.2.4	301-1/302-1/302-2/302-3/302-5/303-4/303-5

Table of Contents		Self-Regulatory Guidelines No. 17 for Listed Companies of the Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)	Guidelines for Sustainability Reporting of Chinese Enterprises (CASS-ESG 6.0)	GRI Sustainability Reporting Standards (GRI Standards)
R&D Quality: Driving Sustainable Development Through Innovation	R&D System Construction	Art. 41 / Art. 42 / Art. 43	S2.1.1/S2.1.2/S2.1.4/S2.1.5/S2.1.6/S2.1.7	/
	Advancing New Quality Productive Forces	Art. 42	S2.1.3/S2.1.12/S2.1.13	/
	Intellectual Property Protection	Art. 42	S2.1.9/S2.1.10/S2.1.11	/
	Product Quality Assurance	Art. 47	S3.3.1/S3.3.2/S3.3.3/S3.3.4/S3.3.5	416-1/416-2
	Quality Service	Art. 47	S3.3.6	417-1/417-3
	Sustainable Supply Chain	Art. 45	S3.1.1/S3.1.2/S3.1.3/S3.1.4	308-1/308-2/414-1
Empowering Employees and Fostering Inclusive Growth	Diversity and Inclusion	Art. 50	S4.1.1/S4.1.3/S4.1.9/S4.1.11	401-1/405-1
	Compensation and Benefits	Art. 50	S4.1.5	404-3
	Protect Employees' Rights and Interests	Art. 50	S4.1.4/S4.1.6	406-1/408-1/409-1
	Democratic Governance	Art. 49 / Art. 50	S4.1.8/S4.1.12	/
	Employee Wellbeing	Art. 50	/	401-2
	Occupational Health and Safety	Art. 50	S4.2.1/S4.2.2/S4.2.3/S4.2.4/S4.2.5/S4.2.6	403-1/403-3/403-5/403-6/403-8/403-9/403-10
	Employees' Development	Art. 50	S4.3.1/S4.3.2/S4.3.3/S4.3.4/S4.3.5/S4.3.6	404-1
Promoting Business for Good through Public Welfare	Public Welfare and Charity	Art.40	S1.2.1/S1.2.2/S1.2.5/S1.2.6	/
	Educational Access	Art.40	/	/
	Universal Participation in Charity	Art.40	/	/
	Community Communication and Exchange	Art.40	/	/
	Support for Rural Revitalization	Art.39	S1.1.2	/
	Belt and Road Initiative Participation	Art.40	/	/
	Local Community Development	Art.40	/	/
Appendix	Index of Key Performance	Art.57	A3	/
	Feedback Form	/	A6	/

Feedback Form

Dear readers,

Thank you for taking the time to read this report. We highly value your feedback and would welcome any comments or suggestions you may have. Your insights are instrumental in helping us continually enhance our ESG disclosures and improve our ESG management practices. We sincerely appreciate your contributions!

1. How would you rate our overall performance in fulfilling ESG responsibilities?

Excellent Good Average Below Average Poor

2. How would you rate the overall quality of this report?

Excellent Good Average Below Average Poor

3. How do you assess our efforts in stakeholder engagement?

Excellent Good Average Below Average Poor

4. How do you assess our performance in terms of product responsibility?

Excellent Good Average Below Average Poor

5. How do you evaluate our performance in environmental management, safety and occupational health?

Excellent Good Average Below Average Poor

6. How do you rate our efforts in employee responsibility?

Excellent Good Average Below Average Poor

7. How would you rate our ESG performance?

Excellent Good Average Below Average Poor

8. Do you have any additional comments or suggestions regarding our ESG performance or this report?

You can contact us using the following contact information:

Address: No. 436, Xueshi Road, Shounan Subdistrict, Yinzhou District, Ningbo City, Zhejiang Province, China

Tel.: 0574-55007473

Email: law@loctek.com