Water Resources Management Policy

To actively respond to the sustainable development strategy of water resources and practice the concept of green development, based on the actual water usage situation, Smoore Group formulates the following water resources management policy. The aim is to comprehensively improve the water resources management level, optimize water usage efficiency, and achieve the group's goal of sustainable development.

1. Scope of Application

This policy applies to all subsidiaries, R&D centers, and production facilities of Smoore International Holdings Limited, covering all operations of industrial and domestic water use. It aims to promote the efficient utilization and sustainable development of water resources through systematic water resource management measures.

2. Basis for Policy

The Group conducted a systematic analysis of the correlation between water consumption and the number of on-duty employees as well as product output, based on the water consumption data of each production factory in 2024. The analysis shows that, at both the Group and factory levels, the correlation between water consumption

fluctuations and employee scale is significantly stronger than that with output changes. Based on this, we comprehensively assessed the room for optimizing water use efficiency in production processes by referring to the reasonable ranges of domestic water consumption for residents and industrial water consumption in the industry. All improvement targets are set with reference to the 2024 per capita water withdrawal and consumption data as the benchmark.

3. Policy Objectives

Short-term Target (2025-2030):

Implement water meter renovation projects, differentiate between various types of water usage metering, and ensure refined management of water usage data. Promote water conservation measures, optimize water usage processes, and improve equipment water usage efficiency. Improve the water management system, realize real-time water usage monitoring and rapid response to water loss, and establish an efficient water resource management mechanism.

Mid-term target (2030-2040):

Based on the 2024 per capita water withdrawal and consumption of 41.56 cubic meters, the Group aims to reduce per capita water withdrawal and consumption by 20% to 33.25 cubic meters by 2040.

4. Water Conservation Logic

The Group is committed to establishing a closed-loop management mechanism of 'monitoring-analysis-improvement' in all its factories to systematically improve water resource efficiency. The Group implements tiered management based on the actual water consumption of each factory and formulates clear and measurable water conservation plans for each factory:

- **Annual per capita water consumption > 96 m^3:** Maintain detailed water consumption data and implement a routine facility inspection mechanism. Focus on in-depth optimization or technological upgrades of existing water consumption processes, and promote the recycling and reuse of production and domestic water.
- **96 m^3 > annual per capita water consumption > 48 m^3:** Maintain detailed water consumption data and implement a routine facility inspection mechanism. Steadily optimize the water efficiency of existing water consumption processes.
- **Annual per capita water consumption < 48 m^3**: Ensure precise maintenance of water usage data and implement routine facility inspection mechanisms. While maintaining current water usage

levels, continue to explore potential water-saving opportunities.

This policy is reviewed every three years and updated as necessary to ensure that our water management objectives are achieved. Once revised, the Group will communicate the policy to all subsidiaries, employees and relevant stakeholders.