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Chairman's Statement

About Luxshare Precision

Sustainability Governance

Way of Governance

Corporate Governance

Risk Control

Quality Management

Encourage Innovation

Intelligent Manufacturing

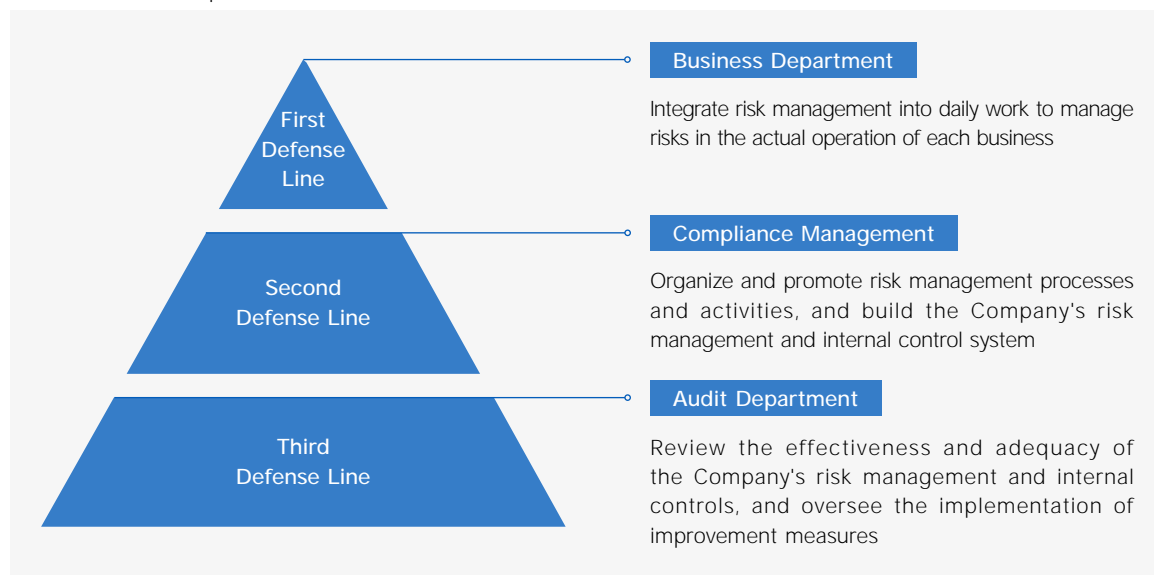
Leading the Green Path

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Appendix

Luxshare Precision has established a robust and effective internal control system, comprising three defense lines for risk management and internal control. The Board of Directors oversees relevant reports on internal control risk data and internal control procedures, while the management is responsible for organizing risk control in routine operations.



The Internal Audit Department, as the Company's internal independent audit institution, coordinates with risk control, internal control, and internal audit functions to guarantee the independent performance of our regulatory duties. It covers critical risk areas comprehensively, including corporate social responsibility, financial activities, procurement business, asset management, sales business, contract management, and information security.

In 2023, Luxshare Precision expanded the audits by establishing relevant departments to comprehensively conduct audits for domestic and overseas businesses. It required **an annual internal financial and non financial audit to be conducted at domestic and overseas factories and operational sites with marketing and production management audited at least once every half a year. Additionally, supplier management process audits were required to be conducted at least once a year.**

During the Reporting Period

Total number of internal audits Luxshare Precision completed was

56



Luxshare Precision has established a well refined information security management system encompassing more than 60 internal policies and management procedures. In 2023, the Company added and updated 27 internal policies and management measures. We also expanded the coverage of business continuity and the scope of audits in the dimension of security and further enhanced Operational Technology (OT) security and the security of intelligent parks.

We have set up an Emergency Response Management Team, formulated an information security emergency response plan, and specified an emergency contact list, an emergency command structure, and the emergency response processes and measures. During the Reporting Period, the Company carried out business continuity drills, regular vulnerability scans, failure drills, and penetration tests for key applications, and **fixed a total of 1,553 system vulnerabilities.**

During the Reporting Period

Luxshare Precision had **0** incident of information leakage



Business Continuity

Expand drills from the core processes of key business to all processes of key business, covering data centers, application equipment redundancy, and emergency drills and recovery of the failure domains across the entire link.

Security Audit

Cover all factories in penetration testing, vulnerability scans, and information security audits and conduct regular refresh audits, completing more than 340 improvement projects.

Data Security

Expand the coverage of equipment to all areas, achieving full coverage of confidentiality areas without exceptions.

Security Advertising Campaign

Utilize posters and comics combined with trending topics to raise information security awareness.

Information Masking

Grant time limited access to external personnel to strengthen the protection of the personal privacy and data of vendors and customers.

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In 2023, Luxshare Precision successfully passed the annual audit of the ISO 27001 information security standard certification, and Luxis Precision Intelligent Manufacturing (Kunshan), one of Luxshare Precision's subsidiaries, was certified by the highest information security standard, Security Accreditation Scheme for UICC Production (SAS-UP).