

# 2023

Xiamen Jihong Technology Co., Ltd.  
**Environmental, Social  
and Governance Report**



# CONTENT

## 1 ABOUT THIS REPORT

## 2 ABOUT JIHONG GROUP

- 2 Company profile
- 2 Organizational structure
- 3 Milestones
- 4 Honors and awards
- 5 2023 ESG Highlights

## 6 BOARD OF DIRECTORS STATEMENT

## 7 MESSAGE FROM THE CHAIRMAN

## 8 1.1.COMPLIANCE OPERATIONS AND STEADY DEVELOPMENT

- 8 1.1. Corporate governance
- 9 1.2. ESG governance
  - 10 1.2.1. Stakeholder communication
  - 11 1.2.2. Materiality assessment
- 12 1.3. Risk management
- 12 1.4. Business ethics

## 13 2.PIONEERING INNOVATION AND OUTSTANDING PRODUCTS

- 13 2.1. Innovation and development
  - 13 2.1.1.Technological innovation
  - 15 2.1.2.Innovative cooperation
  - 16 2.1.3.Intellectual property protection
- 16 2.2. Product quality and safety
  - 16 2.2.1.Quality management
  - 16 2.2.2.Quality culture
- 17 2.3. Customer service
  - 17 2.3.1.High-quality service
  - 17 2.3.2.Innovative services
- 18 2.4. Information security
- 18 2.5. Supply chain management
  - 18 2.5.1.Supplier admission and evaluation
  - 19 2.5.2.Sustainable supply chain
  - 19 2.5.3.Supplier communication

## 20 3.LOW-CARBON OPERATIONS FOR A GREEN FUTURE

- 20 3.1. Green production
  - 20 3.1.1.Environmental management system
  - 20 3.1.2.Resource management
  - 22 3.1.3.Emission management
  - 23 3.1.4.Green products
- 24 3.2. Green office
- 24 3.3. Climate change

## 25 4.GROWING TOGETHER WITH INCLUSION AND CARE

- 25 4.1. Talent attraction
  - 25 4.1.1.Diversity and inclusion
  - 26 4.1.2.Employee benefits
- 27 4.2. Talent growth
  - 27 4.2.1.Talent cultivation
  - 28 4.2.2.Promotion and development
- 28 4.3. Safety and health
  - 28 4.3.1.Work safety
  - 28 4.3.2.Occupational health and safety
  - 29 4.3.3.Safety culture
- 30 4.4.Social welfare

## 31 APPENDIX

- 31 HKEX ESG Reporting Guide
- 33 Reader Feedback Form

# ABOUT THIS REPORT

This is the second Environmental, Social and Governance (ESG) Report published by Xiamen Jihong Technology Co., Ltd. Aligned with the principles of objectivity, standardization, transparency, and comprehensiveness, it outlines Jihong Group's endeavors and accomplishments in fostering sustainable development.



## REPORTING PERIOD

This report covers the period from January 1, 2023, to December 31, 2023, while also incorporating relevant information from preceding years.

## REPORT SCOPE

Unless otherwise specified, the organizational scope of this report includes Xiamen Jihong Technology Co., Ltd., as well as its branch offices and wholly-owned subsidiaries. It is consistent with the consolidated reporting scope specified in Jihong Group's annual report.

## REFERENCES

This report extensively referenced the *Environmental, Social and Governance Reporting Guide* in Appendix 27 of the Hong Kong Exchanges and Clearing Market's *Main Board Listing Rules*, the Shenzhen Stock Exchange's *Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operations for Main Board Listed Companies*. In preparing this report, we also consulted the Global Sustainability Standards Board's *GRI Standards 2021* and the International Organization for Standardization's *ISO 26000 – Guidance on Social Responsibility*.

## ADDRESSING

To enhance clarity and readability, throughout this report, "Xiamen Jihong Technology Co., Ltd." is interchangeably referred to as "Jihong Group," "the Company," and "we."

## DATA DESCRIPTION

The financial data and the financial and audit reports referenced in this report are detailed in the *Xiamen Jihong Technology Co., Ltd. 2023 Annual Report*. Other data is primarily sourced from Jihong Group's internal statistics. Unless otherwise specified, all currency values presented in this report are denominated in the Chinese Renminbi (RMB).

## AVAILABILITY

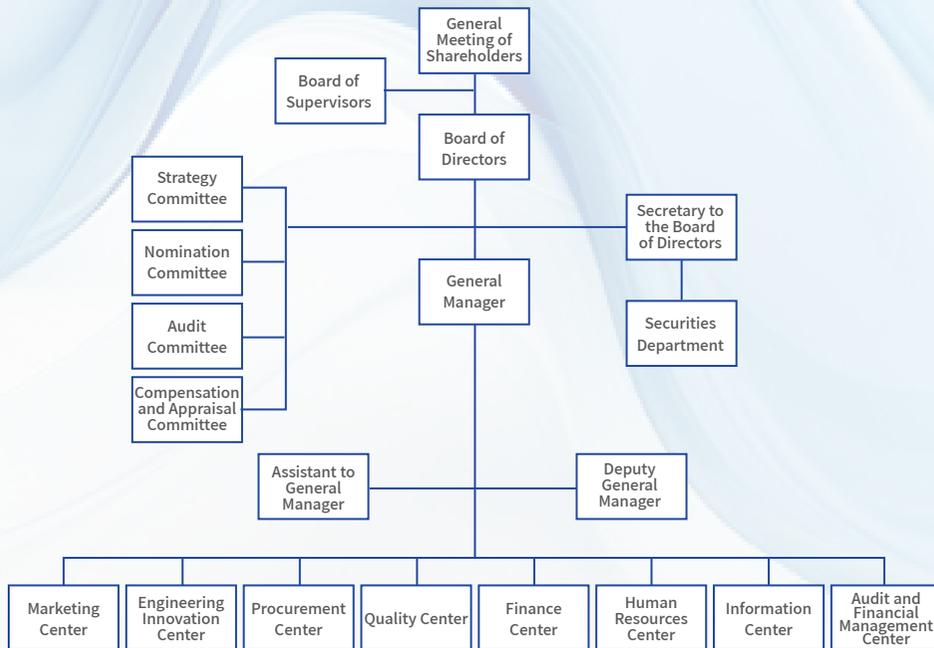
The electronic version of this report is available for viewing or downloading on Jihong Group's website (<http://www.jihong.cn>) and the Shenzhen Stock Exchange website (<http://www.szse.cn>).

# ABOUT JIHONG GROUP

## COMPANY PROFILE

Xiamen Jihong Technology Co., Ltd. is a data-centric and technology-driven enterprise specializing in cross-border social e-commerce. Our primary focus lies in precision marketing for cross-border e-commerce businesses, as well as providing comprehensive marketing and packaging design services to prominent Fast Moving Consumer Goods (FMCG) companies. Currently, we are a leading enterprise in cross-border social e-commerce within the Southeast Asia region and have been recognized as one of the Top 100 Chinese Printing and Packaging Enterprises in 2023.

## ORGANIZATIONAL STRUCTURE



### Corporate vision

- **Build 10 brands that will impact the world**

We have always stuck to the principle of “surviving with quality and developing with credit”, and are dedicated to building ten brands with global influence to provide global consumers with high quality products and the ultimate.

- **let each partner enjoy the double happiness of material and spirit**

To realize employees’ self-value, we strive to establish a fair and impartial remuneration incentive management system to achieve both material and spiritual prosperity and facilitate mutual progress and development for individuals and the Company.

### Corporate culture

- **Focusing on entrepreneurship and forging ahead through difficulties**

Running an enterprise is much like rowing a boat against the current; if we let up even slightly then we risk undoing all of the progress we have made. We should remain committed to hard work as entrepreneurs and made headway to maintain our vitality and competitiveness.

- **Siplicity , perfection , efficient cooperation , starting based on the**

We manage to form a horizontal organizational structure, build shoulder-to-shoulder trust and set unified objectives to remove estrangement and rift among employees, which helps us work together towards clear and same objectives and eventually fulfill them.

### Business philosophy

- **Data driven , result oriented , everyone is an operator**

We strengthen the operator thinking and embed it into our operation. We upgrade our technologies driven by business procedures and then improve our business organizing capability to create digitalized and data-centric assets which are transformed to enhance our reproducing capability with big data, AI and other technologies. Using data, we reinforce the digital operations and innovation capabilities of our teams through circulation and accumulation of production, processing, using and reproduction to control quality and cost in a strict manner. Thus, we achieve high-frequency iteration and rapid revolution of our organization which is data-centric, technology-driven, and outcome-focused.

## MILESTONES

**1996-12**

- Jihong Group's predecessor, Xiamen Zhengqi, was established, specializing in graphic design and advertising planning.

**2003-12**

- The Company was officially founded and focused on the packaging industry, building ten factories across China to offer comprehensive marketing and packaging design services to leading FMCG companies.

**2016-07**

- The Company released its IPO on the Shenzhen Stock Exchange.

**2017**

- GiiKin was established to expand our crossborder e-commerce business in Southeast Asia, which opened up a new avenue of growth for us.

**2017**

- We consecutively entered the markets of Hong Kong, Japan, Thailand, Malaysia, and Singapore.

**2019**

- We made significant efforts to promote our brand strategy and build our corporate culture.

**2018-03**

- We expanded the R&D team, established a data analysis team, and implemented management systems for workflow, product selection, financial settlement, order tracking, and warehousing.

**2017-12**

- We upgraded the e-commerce management system V2.0.

**2019-03**

- We formed a brand operation team.

**2019-05**

- We launched the e-commerce management system V3.0.

**2019-11**

- We formed a platform e-commerce team.

**Early 2020**

- We initiated a full-scale drive towards enterprise automation and intelligence, which involved rolling out a big data system, an intelligent product selection system, and an automated advertising system.

**2020**

- We upgraded the workflow management system V3.0

**2021-11**

- We entered the Eastern European market.

**2022**

- We established cross-border electric bicycles and beauty product brands.

**2022**

- We upgraded the warehousing system and achieved fully automated and intelligent operations.

**2021-07**

- We established a strategic partnership with Huawei Cloud. This partnership enabled us to utilize advanced AI technology and computing resources to implement intelligent systems for big data analytics and ad design and delivery.

**2023-06**

- We signed a joint innovation agreement on the AI large model with Huawei Cloud, officially launching the second phase of cooperation for AIGC-based deep empowerment of the cross-border e-commerce platform, jointly creating the Pangu cross-border e-commerce large model, and promoting a deeper level of digital transformation.

**2023**

- We developed and perfected the automated, intelligent, and digital cross-border e-commerce business management system GiiKin3.0. On this basis, we gradually rolled out the e-commerce text vertical model ChatGiiKin-6B, the e-commerce intelligent design and material generation vertical model GiiAI, and the intelligent ad placement assistant G-king, laying a solid foundation of intelligent systems for the Company's long-term sustainable development in cross-border e-commerce business.

**2022**

- We made significant progress in achieving our digital strategy objectives by implementing decisionsupport systems, such as Smart Companion, Boss Assistant, Indicator Monitoring, and Talent Map.

**2023-01**

- We integrated the ChatGPT API to empower cross-border e-commerce businesses in areas such as AI-driven product selection, the creation of graphic and video advertising materials, and intelligent ad placement.

**2022-06**

- We rolled out an automated operations management system on a third-party platform, which has contributed to the exponential growth of orders on that platform.

# HONORS AND AWARDS



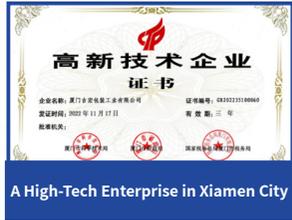
A Digital Printing and Packaging Technology Partner



A Governing Unit of the Hebei Provincial Printing Association



A High-Tech Enterprise in Jinan City



A High-Tech Enterprise in Xiamen City



A High-Tech Enterprise in Anhui Province



A Member of the Xiamen Hi-Tech Development Association



Technical Collaboration between the Industry, Universities, and Research Institutes in Beijing, Tianjin, and Hebei



A Key Participant in the Development of Group Standards



An Innovative SME in Shandong Province



A Technologically Advanced "Little Giant" Enterprise in Langfang City



A Scientific and Technological Enterprise in Hubei Province



Pioneer Award at the Global Digital Trade Expo (DT Award)



A Scientific and Technological Enterprise in Bengbu City



An Innovative SME in Anhui Province



A Governing Unit of the Hebei Provincial Food Packaging Industry Association



A Technologically Advanced "Little Giant" Enterprise in Hubei Province



A Top 20 Private Enterprise in the Service Industry in Xiamen City



A Top 100 Private Enterprise in Fujian Province



XPTA Honorary President



Annual Most Valuable Digital Economy Enterprise for Investment



Top 100 Chinese Printing and Packaging Companies



Global Leadership Award



Ranked 31st among the Top 100 Private Enterprises in Xiamen City

CHAPTER HIGHLIGHTS



**COMPLIANCE OPERATIONS AND STEADY DEVELOPMENT**

- The Board of Directors convened 11 times throughout the year, with a 100% participation rate from members of the Board of Directors.
- We conducted the first stakeholder survey on key ESG issues.
- We conducted 8 anti-corruption training sessions, with a total training time of 319 hours



**PIONEERING INNOVATION AND OUTSTANDING PRODUCTS**

- We had 48 new patent applications, and 101 new trademark applications.
- All 9 production bases passed the ISO 9000 quality management system certification, two production bases received BRC A+ certification, and one production base received BRC A certification.
- We hosted or participated in 12 supplier exchange events.



**LOW-CARBON OPERATIONS FOR A GREEN FUTURE**

- Our packaging and printing production facilities passed the ISO 14001 environmental management system certification.
- The production bases in Xiamen, Anhui, Langfang, and Jinan constructed a 10MW distributed photovoltaic power generation project, with an annual power generation of approximately 6 million kWh.



**GROWING TOGETHER WITH INCLUSION AND CARE**

- We employed 40 people with disabilities in the year.
- The total training time for all staff reached 12,405 hours.
- We obtained the ISO 45001 occupational health and safety management system certification.

# BOARD OF DIRECTORS STATEMENT

As the highest responsible and decision-making body for corporate ESG affairs, the Board of Directors assumes overall responsibility for the Company's ESG strategy and reporting work. Through assessing and mitigating ESG risks, the Board ensures the steadfast operation of the Company's risk management and internal monitoring systems. Furthermore, the Board authorizes the Strategy Committee to oversee management activities and has instituted the ESG Decision-Making Department, which oversees the daily operations of the sustainable development management system.

To proactively and efficiently mitigate the influence of ESG risks on the Company, we regularly conduct assessments of significant ESG issues, taking into account the external socio-economic macro environment and our development strategy. These assessments are then submitted for review by the Board of Directors. Issues deemed crucial in relation to the Company's ESG risks and opportunities, as deliberated and determined by the Board, are integrated into our overarching strategy as key ESG priorities, with ongoing supervision of issue management and performance.

The Company is committed to maintaining a long-term focus on the involvement of the Board of Directors in ESG initiatives. We are exploring the possibility of establishing targets in pivotal ESG domains, including pollutant emissions, energy consumption management, water resource consumption management, and carbon emissions. By integrating ESG management performance into our daily operational objectives, we aim to advance the Company's ESG governance comprehensively.

This report thoroughly discloses the progress and achievements of Jihong Group's ESG work in 2023 and has been reviewed and approved by the Board of Directors. The Board of Directors and all directors guarantee that this report does not contain any false records, misleading statements, or significant omissions, and assume individual and joint responsibility for the truthfulness, accuracy, and completeness of its contents.



## MESSAGE FROM THE CHAIRMAN

In 2023, Jihong Group, leveraging technology, innovation, and digital empowerment, seamlessly merged the ethos of sustainable development with our corporate trajectory. We pledge to spearhead the paper-based FMCG packaging sector, delivering sustainable, superior service solutions while championing the sustainable growth of cross-border social e-commerce ventures. Together, we aspire to forge a brighter, more harmonious society.

**We are steadily constructing an ESG management framework, seamlessly embedding ESG governance within the fabric of our operations.**

By closely aligning the Company's ESG governance with the expectations of diverse stakeholders, we continuously enhance the ESG governance structure of the Board of Directors, the Strategy Committee, and the ESG Decision-Making Department. This ensures that ESG management becomes a pivotal objective for all departments within the Company.

**We adhere to the business philosophy of quality first, insist on green leadership, and enhance the competitiveness of our brand's sustainable development.**

As a pioneering enterprise in the field of green packaging solutions in China, we will continuously expand our green packaging solutions portfolio and intensify our efforts in designing and researching green packaging products. Leveraging cutting-edge technology and processes, we persistently advocate for packaging sustainability, proactively addressing the environmental and low-carbon imperatives of our corporate clients. Through the development of innovative and sustainable green services, we bolster the Company's brand value. In 2023, multiple production bases of the company have initiated carbon verification work, and several products have obtained professional certification qualifications.

**We build an intelligent ecosystem driven by data and technology, realizing the innovative empowerment of cross-border e-commerce operation models.**

Externally, the Company continues to deepen innovative collaboration, strengthen innovation and R&D, iteratively update the cross-border social e-commerce operation management system, and enhance the digital intelligence capabilities of various stages of the cross-border social e-commerce business; internally, the Company actively advocates green office practices, strengthens the environmental awareness of all employees, and improves energy use efficiency, fully realizing efficient operations. In 2023, the Company's annual revenue from cross-border social e-commerce surpassed RMB 4.26 billion, marking a 37.02% year-on-year growth, indicative of a sustained expansion in both the reach and magnitude of our cross-border e-commerce endeavors.

**We are building a sustainable talent ecosystem and giving back to society with heartwarming public welfare activities.**

Continuously refining our human resources infrastructure, we prioritize the recruitment of top-tier talent, fostering a diverse and inclusive environment that empowers employee growth. Concurrently, we remain steadfast in our commitment to reciprocity and gratitude, actively fulfilling our corporate social responsibilities and fostering harmonious societal development. This ensures mutual advancement for both the Company and its employees.

Looking forward to 2024, Jihong Group will uphold the concept of green development and two-wheel drive. In the packaging sector, we will continue to actively invest in environmentally friendly packaging, tap into the incremental market of "paper replacing plastic," and expand our business footprint; in the e-commerce sector, we will continue to invest in R&D, deepen innovation, and further integrate AI application into our business processes. While cultivating the existing markets, we will continue to expand our reach to the countries along the Belt and Road, striving to achieve sustainable and high-quality development.

# 1.COMPLIANCE OPERATIONS AND STEADY DEVELOPMENT

Jihong Group enhances its commitment to responsibility by seamlessly integrating the principles of sustainable development into our daily operations and management practices. We prioritize the establishment of a comprehensive risk management framework while nurturing a corporate culture centered on fairness and integrity. Our dedication extends to maintaining open, two-way communication and collaboration with all stakeholders, fostering a collaborative environment aimed at advancing sustainable development collectively.

The Company strictly adheres to laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Stock Listing Rules of the Shenzhen Stock Exchange*. We have formulated internal systems such as the *Articles of Association* and the *Rules of Procedure for Shareholders' Meetings*. We have established and improved the composition of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the senior management. This approach ensures a balanced consideration of investor rights and interests, safeguarding both shareholder investment returns and the Company's operational prospects.

## 1.1.CORPORATE GOVERNANCE

## INVESTOR RIGHTS

### THE COMPANY'S THREE-COMMITTEE GOVERNANCE STRUCTURE

#### SHAREHOLDERS' MEETING

- The Shareholders' Meeting is the highest authority in the Company. We establish and follow a shareholder communication policy to fully ensure equal status for all shareholders and facilitate their effective exercise of rights, including the right to be informed and to vote.
- The Company maintains and promotes communication with shareholders through Shareholders' Meetings, announcements, reports, and other means, listening to, understanding, and responding to shareholder feedback. In 2023, Jihong Group held six Shareholders' Meetings.

#### BOARD OF DIRECTORS

- The Company has established internal management systems, such as the *Rules of Procedure for the Board of Directors* and the *Implementation Rules for the Special Committees of the Board of Directors*, which delineate the responsibilities and authority of the Board and its special committees. These systems provide institutional support for the Board's rightful authorization. As a permanent body of the Company, the Board of Directors serves as the decision-making and business leadership entity, executing the resolutions of the Shareholders' Meeting and directly reporting to it. The Board comprises four special committees: the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategy Committee. These committees, accountable to the Board, operate in accordance with the Company's Articles of Association and the authorization of the Board, ensuring the judicious allocation of internal resources. In 2023, Jihong Group held 11 Board of Directors meetings, with a 100% participation rate for the members of the Board of Directors.
- The Company prioritizes the effectiveness of the Board of Directors' operations. In the election and appointment process of directors, we uphold principles of fairness and transparency, ensuring that the outcomes fully align with shareholder interests and the Company's long-term development objectives. Concerning the remuneration policy for directors and senior executives, we have implemented a scientifically formulated and rational remuneration system. This system is designed to incentivize directors and senior executives to diligently fulfill their duties and safeguard the Company's overall interests.
- The Company evaluates board member qualifications based on various criteria, including a robust skill set to fulfill duties effectively, extensive industry expertise, professional acumen in finance and law, and corporate management experience. Moreover, we prioritize diversity considerations in board appointments, encompassing factors such as gender, age, profession, experience, culture, and educational background. As of the reporting period's conclusion, Jihong Group comprises a total of 11 directors, including five non-independent directors and four independent directors.

#### BOARD OF SUPERVISORS

- The Company's Board of Supervisors fully safeguards the rights and interests of the Company and its shareholders. To ensure the independence and fairness of the supervisors' duties, we have three supervisors, and in 2023, nine Board of Supervisors meetings were held.

Healthy investor relations are the cornerstone of a company's long-term development. The Company establishes an open, transparent, and efficient communication mechanism to facilitate seamless information exchange with investors. Additionally, we have devised a robust cash dividend policy aimed at acknowledging the trust and support of our investors and sharing the benefits of the Company's progress with them.

#### INVESTOR COMMUNICATION

The Company takes proactive steps to foster interaction with investors, diligently constructing communication channels to engage with them. Through avenues such as Shareholders' Meetings and performance briefings, we provide insights into the Company's management and operations to the market and investors, while also welcoming feedback and suggestions from all stakeholders. Investor interaction is conducted through various means, including announcements, interactive Q&A sessions, performance briefings, investor hotline calls, email responses, our website, and our official WeChat account.

#### SHAREHOLDER RETURNS

The Company prioritizes shareholder opinions and safeguards their interests. In crafting return plans, we thoroughly consider input from shareholders, independent directors, and supervisors, and attach importance to feedback from minority shareholders. Regarding profit distribution policy, we prioritize long-term development while ensuring a balanced approach that caters to the interests of all shareholders. We prefer cash dividend distribution to ensure stable allocation and maintain a balance between company development and shareholder returns.

## 1.2. ESG GOVERNANCE

To effectively drive the sustainable development agenda of the Company, Jihong Group has implemented a sustainable development management system overseen by the Board of Directors, administered by the Strategy Committee, and with the ESG Decision-Making Department entrusted with daily operations. The Chairman of the Company assumes the role of director within the ESG Decision-Making Department. In addition, the Company's board of directors conducts at least one corporate ESG risk assessment annually, either independently or by hiring external experts, to review existing strategies, objectives, and internal control systems, in order to improve and reduce the Company's ESG risks.



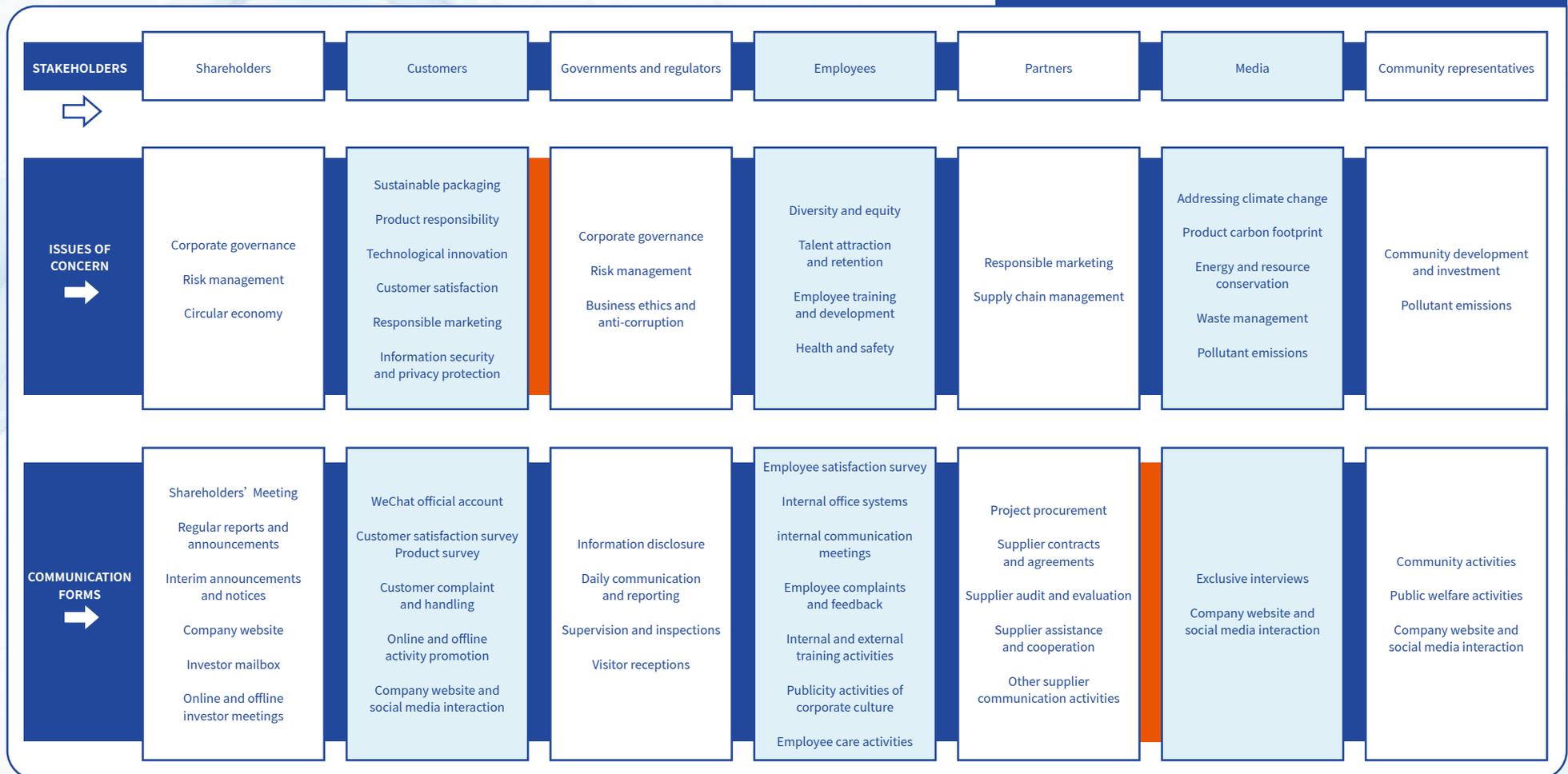
JIHONG GROUP'S ESG MANAGEMENT FRAMEWORK	
LEVEL	RESPONSIBILITY
↓	↓
<b>BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>Authorize the Strategy Committee to approve and supervise ESG-related matters.</li> </ul>
<b>STRATEGY COMMITTEE</b>	<ul style="list-style-type: none"> <li>Assess and manage the Company's ESG-related risks and opportunities to ensure the continuous execution and implementation of the Company's ESG policies.</li> <li>Develop guidelines on important ESG matters, review and rate the significant issues identified.</li> <li>Review the Company's ESG work and internal monitoring systems, and provide suggestions on their suitability and effectiveness.</li> <li>Review the Company's ESG-related disclosure documents, including (but not limited to) annual ESG reports.</li> <li>Regularly report to the Board of Directors and provide ESG-related training and materials.</li> </ul>
<b>ESG DECISION-MAKING DEPARTMENT</b>	<ul style="list-style-type: none"> <li>Coordinate, supervise, and manage the overall risks associated with the Company's business operations and quality control.</li> <li>Collaborate with relevant departments to carry out ESG risk prevention and management, and conduct irregular reviews.</li> </ul>

## 1.2. ESG GOVERNANCE

### 1.2.1. STAKEHOLDER COMMUNICATION

Jihong Group recognizes the substantial influence that the opinions and expectations of all stakeholders wield over the Company's operations and development. We prioritize communication and engagement with all stakeholders, fostering an open dialogue and welcoming feedback from diverse channels. Additionally, we embrace scrutiny from all stakeholders, acknowledging its role in driving continuous improvement and accountability.

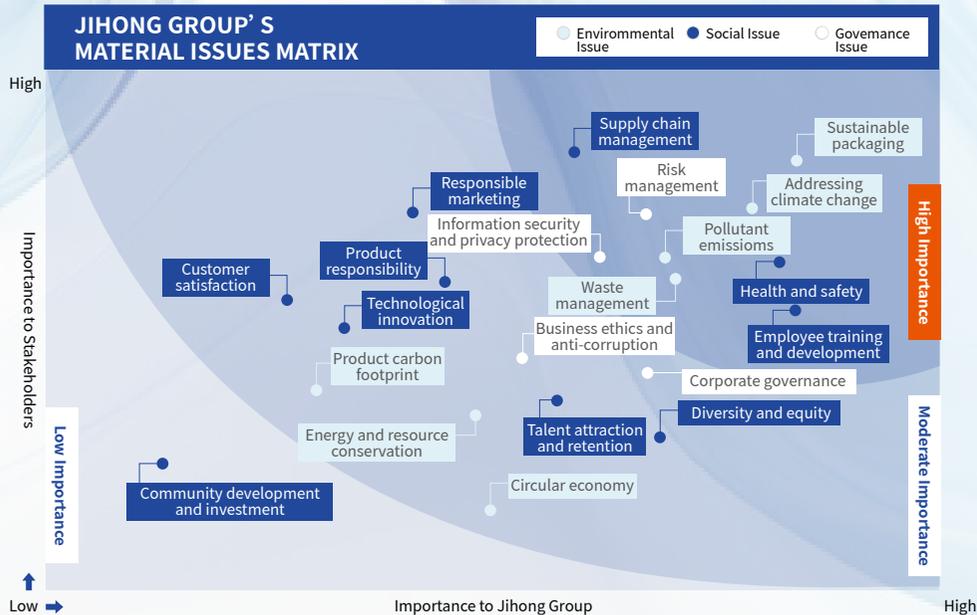
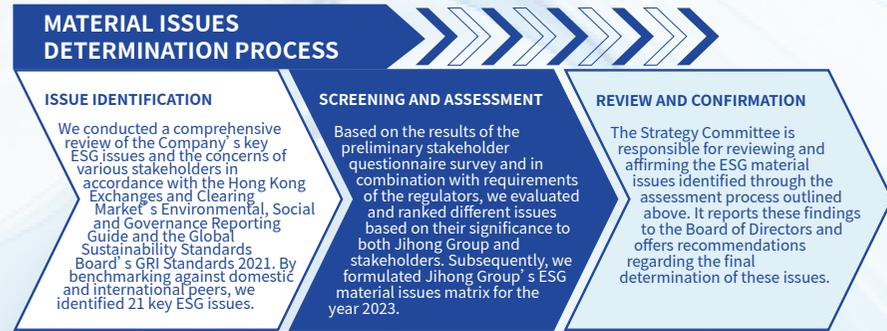
### JIHONG GROUP'S STAKEHOLDER COMMUNICATION MECHANISM



# 1.2. ESG GOVERNANCE

## 1.2.2. MATERIALITY ASSESSMENT

Jihong Group actively carries out the identification and management of sustainable development concerns, while actively seeking feedback and suggestions from stakeholders. In 2023, following the three steps of issue identification – screening and assessment – review and confirmation, we conducted the first identification and assessment of significant ESG issues and reported the ranking and matrix of material issues to the Board of Directors after confirmation.



JIHONG GROUP'S MATERIAL ISSUES MATRIX IN 2023

IMPORTANCE	ISSUE	CATEGORY	LOCATION
HIGH IMPORTANCE	Sustainable packaging	Environmental issues	3.1 Green production
	Addressing climate change	Environmental issues	3.3 Climate change
	Health and safety	Social issues	4.3 Safety and health
	Supply chain management	Social issues	2.5 Supply chain management
	Risk management	Governance issues	1.3 Risk management
	Pollutant emissions	Environmental issues	3.1 Green production
	Waste management	Environmental issues	3.1 Green production 3.3 Green office
	Employee training and development	Social issues	4.2 Talent growth
	Information security and privacy protection	Governance issues	2.4 Information security
MODERATE IMPORTANCE	Responsible marketing	Social issues	2.3 Customer service
	Product responsibility	Social issues	2.2 Product quality and safety
	Business ethics and anti-corruption	Governance issues	1.4 Business ethics
	Talent attraction and retention	Social issues	4.1 Talent attraction
	Diversity and equity	Social issues	4.1 Talent attraction
	Corporate governance	Governance issues	1.1 Corporate governance
	Customer satisfaction	Social issues	2.3 Customer service
	Technological innovation	Social issues	2.1 Innovation and development
	Energy and resource conservation	Environmental issues	3.1 Green production
	Product carbon footprint	Environmental issues	3.1 Green production
LOW IMPORTANCE	Circular economy	Environmental issues	3.1 Green production
	Community development and investment	Social issues	4.4 Social welfare

### 1.3.RISK MANAGEMENT

The Company has established a comprehensive organizational structure to oversee its risk management endeavors. The Board of Directors holds responsibility for the effectiveness of overall risk management efforts, while the Audit Committee serves as the apex risk management body. The Audit and Financial Management Center is tasked with inspecting and supervising the establishment and execution of the Company's internal control system. It regularly reports to the Audit Committee and is answerable to it. By managing policy risk, liquidity risk, market risk, credit risk, compliance risk, and operational risk, as well as conducting employee training, we continually refine management processes, bolster management systems, and enhance our ability and proficiency in risk control.

### 1.4.BUSINESS ETHICS

Business ethics and anti-corruption are core elements of Jihong Group's stable development. The Company strictly adheres to the legal and regulatory requirements for clean management, such as the *Company Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. The Company has established a comprehensive business ethics management system and formulated internal systems such as the *Conflict of Interest Management System*, the *Anti-Business Bribery, Anti-Fraud, and Reporting Management System*, and the *Gift Management Measures* to develop the Company's business ethics. In 2023, the Company did not experience any litigation or cases involving corruption, violation of business ethics, or unfair competition.



Both employees within Jihong Group and external stakeholders related to the Company have the avenue to report any misconduct by company personnel, such as breaches of integrity, misuse of authority, and violations of operational management orders. The Company has established a whistleblower protection system in its *Gift Management Measures*, which includes a dedicated hotline and email for reporting fraudulent activities. The Audit Operations Center oversees the reception of such reports and conducts thorough investigations to ensure timely, impartial, and fair handling of fraud allegations. We prioritize maintaining the confidentiality of the whistleblower's identity and the details of the report, providing prompt updates on investigation outcomes while ensuring no disclosure of information to the accused individual or unrelated parties. In the event of threats or retaliation against the whistleblower, the Company stands ready to offer legal support and protection.

**Jihong Group's complaint and reporting channels for actual or suspected fraud:**

Reporting email:  
shenji@jihong.cn

Reporting telephone:  
18150353249

Report mailing address: Audit Department, Jihong Group, No.9 Putou Rd., Dongfu Industry Park II, Haicang District, Xiamen City, Fujian Province

The Company is actively engaged in fostering a culture of integrity through various initiatives. We organize specialized training sessions on anti-corruption and business ethics for both directors and general staff, aiming to prevent and deter corruption at its roots. All employees are required to sign the *Honest Operation and Compliance Management Commitment Letter*, reaffirming our commitment to conducting business with integrity. Throughout the reporting period, the Company conducted a total of eight anti-corruption training sessions, totaling 319 hours of training.

#### Case: Jihong Group's code of conduct training for management leaders

In 2023, the Company conducted training on the code of business ethics for the management. The training, based on the principle of being credible and clean to lay the foundation for development, aimed to enhance the moral awareness and behavioral norms of managerial staff in business activities through professional guidance and case analysis, ensuring that every decision and action of the Company complies with ethical and legal standards.

# 2. PIONEERING INNOVATION AND OUTSTANDING PRODUCTS

Jihong Group remains committed to pioneering innovation, and achieving technological advancements in e-commerce and packaging. Leveraging a high-quality R&D team and fostering collaborations with educational institutions, we continuously drive industry advancement. By continually refining service standards and innovating service methodologies, we deliver exceptional customer service, earning the trust of customers and garnering recognition within the market.

## 2.1. INNOVATION AND DEVELOPMENT

Jihong Group is enhancing its technological leadership, propelling industrial development through innovation. We adhere to a digital operational strategy that prioritizes data and technology, continually delving into cutting-edge sectors such as cross-border social e-commerce and intelligent warehouse operations and maintenance. Concurrently, we are steadily advancing our packaging business, offering customers comprehensive one-stop shopping experiences and services.

### 2.1.1. TECHNOLOGICAL INNOVATION

Jihong Group stays abreast of industry trends, continuously innovating its products and services. By harnessing smart ecosystems and digital platforms, we meticulously analyze cross-border markets, boosting warehouse efficiency and empowering various segments of cross-border e-commerce. Furthermore, we consistently explore packaging services, reinforcing independent R&D, and embracing new technologies. This approach not only ignites fresh momentum for growth but also positions us as pioneers in technological advancement within the packaging industry.

## INTELLIGENT ECOLOGY

Empowered by data insights and technology, Jihong Group actively promotes intelligent transformation and implements precise marketing strategies for its cross-border social e-commerce operations. We embrace a dynamic "goods discovering people" business model, departing from conventional e-commerce paradigms. Powered by AI algorithms, we meticulously analyze global markets, construct user profiles, intelligently curate product selections, pinpoint specific customer demographics, and strategically promote product advertisements across prominent social media platforms. With a strategic focus on Asia, offer a diverse range of Chinese consumer goods to international customers.

## CROSS-BORDER E-COMMERCE SALES MODEL



- Goods**  
**Intelligent product selection** → Focusing on a wide range of products such as home clothing, accessories, and beauty, we precisely select products based on big data analysis and AI technology.  
**Automatic generation** → We have a comprehensive supplier management system, with over 550,000 SKUs, automatically generating product descriptions, titles, images, and short videos.
- Discovering:**  
**Social media push** → Content is launched on Facebook, Instagram, TikTok, Youtube, Line, X, etc. based on the DTC model.  
**Precision marketing** → Backed by technology, and based on recommendations from precise algorithms, we conduct deep machine learning to achieve personalized precision marketing.
- People**  
**Massive user data accumulation** → Mobile Internet + social media, secondary placement + private domain operations  
**Intelligent analysis of user profiles** → We accurately match consumer profiles with hashtags maintained on social media platforms to generate product tags.

Since venturing into cross-border social e-commerce, we have invested over RMB100 million in IT R&D, focusing on solutions tailored to intricate long-chain and multi-node social e-commerce application scenarios that demand robust digital operational capabilities. We seamlessly integrate AI technology across our entire operational spectrum, steadfastly propelling the transition from digitization to digital intelligence. Specifically, for critical cross-border social e-commerce processes, we have successfully developed AI technologies encompassing product selection, image material design, video content generation, advertising copywriting and translation, precise product recommendations, advertising placement, and customer service. This comprehensive effort marks a significant advancement in our digital intelligence capabilities.

GIKIN INTEGRATED MANAGEMENT SYSTEM 3.0	INTELLIGENT PRODUCT SELECTION	<ul style="list-style-type: none"> <li>We have integrated intelligent product selection tools into the Gikin system. By analyzing historical and market trend data, we determine the products to be sold and the geographical locations for sales based on consumer demand and preferences, aiding the product selection team in making decisions efficiently.</li> </ul>
	LANDING PAGE GENERATION AND ADVERTISEMENT DEVELOPMENT	<ul style="list-style-type: none"> <li>We utilize our independently developed AI technology to intelligently generate e-commerce environments that cater to different cultures, languages, ethnicities, and expressions.</li> </ul>
	ADVERTISING PLACEMENT	<ul style="list-style-type: none"> <li>Based on the product characteristics, the system can intelligently select the target consumers and audience and promotional style, enhancing the precision of advertising placement and achieving maximum profitability. The system can also analyze advertising data, intelligently recommending more effective advertising suggestions to ad optimization specialists.</li> </ul>
	PROCUREMENT AND SALES SERVICES	<ul style="list-style-type: none"> <li>We utilize AI robots to assist in translating different languages and generating automatic responses, helping to provide AI-based purchasing and after-sales services to consumers from various countries and regions.</li> </ul>

# SMART WAREHOUSING

The Company harnesses digital technology to empower the traditional warehousing operation model, establishing an integrated smart warehousing system. This transformation substantially amplifies the efficiency of stock preparation, storage, picking, and packaging processes, concurrently mitigating supply chain risks and delivering a seamless shopping experience for consumers. As of the end of 2023, we had nearly 20,000 square meters of domestic logistics transit warehouses and forged partnerships with various overseas warehouses, spanning Japan, Thailand, Malaysia, Singapore, Saudi Arabia, and the UAE



**INVENTORY STOCKING MODEL**

The implementation of the digital stocking model can significantly increase warehouse turnover rates. It can reduce inventory backlog and ensure a smooth transition of products from the warehouse to the market, which significantly enhances the efficiency and agility of the supply chain.

By using event tracking on our online store, we can collect user behavior data to better understand user needs and preferences. This allows us to improve our store's user interface and shopping experience. By analyzing user behavior data, our digital store can recommend products that are tailored to individual user preferences. This helps users easily discover products they like and receive a better shopping experience.



**DIGITAL STORE**



**WAREHOUSE MANAGEMENT SYSTEM**

Our self-developed warehouse management system implements a "one product, one code" management policy for all inventory items. The system allocates each item to its designated storage location and updates the inventory records in real-time. The system is equipped with intelligent matching and product distribution capabilities to quickly prepare and deliver orders while reducing the risk of shipping errors. The system can automatically intercept abnormal orders, and relevant personnel will take swift action to ensure the problem is resolved in a timely manner.

Our picking process is automated and intelligent. Our warehouse system automatically generates the optimal picking path, product location, and product information upon receiving an order, and sends the data to the picker's PDA device. This system has made the goods-picking process much more convenient and efficient.



**INTELLIGENT PICKING SYSTEM**



**AUTOMATIC WEIGHING SYSTEM**

Our intelligent weight and size measurement system can rapidly and accurately assess the weight and size of packages and provide precise logistics data to logistics and warehouse management teams.

We use an automatic packing device to streamline our order processing and improve the quality, efficiency, and cost-effectiveness of our packaging.



**UNPACKING AND PACKING DEVICE**

## JIHONG GROUP'S INTEGRATED SMART WAREHOUSING SYSTEM

# DIGITAL INTELLIGENCE PLATFORM

Jihong Group has developed GiiMall, a specialized cross-border e-commerce SaaS service platform, continuously empowering e-commerce brands to expand their global presence. By leveraging cutting-edge data analysis tools and establishing diverse online channels, it delivers comprehensive and intelligent solutions for merchants. Throughout 2023, we intensified our innovation and R&D endeavors surrounding GiiMall, introducing or enhancing projects such as the GiiMall ERP Logistics Management System, GiiMall Cloud Snapchat Intelligent Placement System, GiiMall Product Selection System, GiiMall Financial Analysis System, GiiMall Address Service System, and GiiMall Combination Promotion System. These initiatives aim to provide even more sophisticated and adaptable services to our customers.

## GIIMALL INTELLIGENT SOLUTIONS

**Building diversified online channels**

GiiMall assists merchants in developing social e-commerce channels, easily showcasing and embedding product information across multiple social media platforms; it also provides an integrated, easy-to-use back-end dashboard to help merchants efficiently manage their business across multiple sales channels.

**Advanced data analysis tools**

GiiMall combines AI, big data, and other technologies to integrate buyer interaction data, helping merchants analyze their business situation and make correct decisions; it also operates on shared infrastructure, freeing up merchants' hardware resources.

In 2023, we won multiple honors in cross-border services, fully demonstrating GiiMall's outstanding performance and leading position in the field of cross-border social e-commerce.



## 2023 GIIMALL CROSS-BORDER SERVICE HONORS

# INNOVATIVE PACKAGING

The Company continues to expand its range of packaging products and penetrates the daily consumer FMCG packaging market through graphic design, scheme optimization, and strategic marketing planning. We provide leading domestic and international FMCG customers with a variety of products, including color box packaging, eco-friendly food packaging, color carton packaging, eco-friendly tote bags, and bundled packaging. Our aim is to establish integrated one-stop services for comprehensive packaging supply chain procurement scenarios.



Drawing upon our extensive industry expertise, outstanding product quality, and technological innovation capabilities, we have been steadfastly pioneering advancements in packaging development. In 2023, we actively engaged in Xiamen City's key scientific and technological initiatives, successfully applying for and advancing key projects such as the Research and Industrialization of Structural Color Printing Technology and the Research and Industrialization of New Food and Beverage Packaging Materials. These endeavors have provided substantial support for our technological innovation and industrialization efforts within the industry.

## JIHONG GROUP'S 2023 TECHNICAL INNOVATION HIGHLIGHT CASES

<p>We aim primarily at de-plasticization, material conservation, and reusability, achieving product protection and environmental benefits through innovative structural design. This approach helps replace traditional plastic and tin packaging containers, increase the utilization of paper, and reduce the generation of solid waste.</p>	<p>We use materials such as acrylic emulsion, deionized water, and organosilicon, mixing them in a certain ratio and then coating them on paper. After drying, a waterproof film is formed, enhancing the water resistance of the paper bag. In the flexographic printing process, we</p>	<p>This R&amp;D effort focuses on the structural design of gift boxes and inner cards, maintaining the protective performance of the packaging while achieving the design and</p>	<p><b>Development of convenient beverage packaging</b></p>
<p><b>R&amp;D of multifunctional reusable packaging</b></p>	<p><b>Development of strong water-resistant eco-friendly paper bags</b></p> <p>adjust the printing pressure and the anilox roller ratio to achieve an appropriate match between the coating amount and the waterproof effect.</p>	<p><b>Development of new corrugated gift boxes with consumer interaction features</b></p> <p>die-cutting selection of interactive functional accessories. At the same time, it considers the self-locking function of the corrugated gift box bottom and the protective cushioning of the inner card, emphasizing the beautification process and material selection of interactive functional attachments, taking into account both convenience in packaging and consumer experience.</p>	<p>Through market research and simulation, we have developed new structures for specific packaging configurations such as bundle packs and baskets, which are compatible with customers' automatic packaging equipment, thereby improving the efficiency of the packaging machines. We also have achieved the substitution of domestic materials, designing unique structures to meet all the testing requirements of packaging, and replacing products made from imported materials by other manufacturers.</p>

# 2.1. INNOVATION AND DEVELOPMENT

## 2.1.2. INNOVATIVE COOPERATION

The Company actively upholds the core values of responsibility, innovation, and achievement, integrating leading scientific research resources and fostering collaborative exchanges with team partners and stakeholders. Through shared innovative resources, we collectively spearhead the future of the industry.

The Company actively strengthens its partnerships with academic institutions and industries, establishing joint industry-academia-research bases with esteemed institutions such as Wuhan University, Beijing Institute of Graphic Communication, and Hunan University of Technology. Together, we strive to promote technological innovation and talent development. During the reporting period, we collaborated with Hunan University of Technology to host a beverage packaging design competition. This initiative served as a platform to identify and nurture design talents while simultaneously fostering innovative development within the packaging design industry.

### Case: Beverage packaging design competition

From August 2022 to August 2023, Jihong Group collaborated with Hunan University of Technology to host a beverage packaging design competition. Through the sponsorship of this competition, we attracted numerous designers and creative talents who joined us in promoting innovation and development in the beverage packaging design industry, while also expanding the brand's visibility and influence.

Additionally, leveraging its extensive experience in cardboard packaging, the Company actively contributes to the formulation of industry standards to elevate the level of innovation within the sector. In 2023, the Company played a pivotal role in shaping industry standards such as the *Assessment Requirements for Single and Double Corrugated Cardboard Boxes*, offering valuable corporate insights for the industry's future development.

In the field of e-commerce development, we deepen our strategic collaboration with Huawei, leveraging the robust data models of Huawei Cloud in key areas such as AIGC, application modernization, data crawling, and data management. This collaboration enhances our ability to develop AI applications for cross-border social e-commerce and bolsters the digital intelligence capabilities across various stages of our cross-border social e-commerce operations.

### Case: Jihong Group and Huawei Cloud sign joint innovation agreement on AI large model

In June 2023, Jihong Group signed a joint innovation agreement on AI large model with Huawei Cloud, officially launching the second phase of cooperation for AIGC-based deep empowerment of the cross-border e-commerce platform. The two parties will conduct joint innovation in e-commerce based on the Pangu large model, focusing on the intelligent transformation and upgrade of cross-border e-commerce platforms. They will engage in comprehensive exchanges in areas such as AIGC empowering the entire process for enterprises, deep empowerment of cross-border e-commerce platforms, modernization of applications, data mining, and data governance, to advance a deeper level of digital transformation.

**The signing ceremony of the cooperation agreement between Jihong Group and Huawei**



## 2.1. INNOVATION AND DEVELOPMENT

### 2.1.3. INTELLECTUAL PROPERTY PROTECTION

Jihong Group places a high emphasis on the management and maintenance of its proprietary intellectual property rights, strictly adhering to laws and regulations such as the *Copyright Law of the People's Republic of China* and the *Patent Law of the People's Republic of China*. We have established internal regulations such as the *Management Program for High-Tech Projects and Patents*, the *Reward System for the Application of R&D Results*, and the *Management System for High-Tech Projects and Patents*. Continuously monitoring the market, we actively manage intellectual property rights such as patents and trademarks. Moreover, we conduct regular corporate intellectual property training sessions for our employees, aiming to enhance their understanding of patents and cultivate a culture of innovation within the Company. In 2023, the Company filed for 48 new patents and 101 new trademarks.

## 2.2. PRODUCT QUALITY AND SAFETY

Jihong Group adheres to the principle of "surviving with quality and developing with credibility," consistently prioritizing product quality and safety as fundamental pillars of our operations. We regard quality assurance as our paramount responsibility. The Company maintains strict control over product quality, ensuring the durability and stability of our products to meet consumer demands and uphold consumer safety standards.

### 2.2.1. QUALITY MANAGEMENT

We have formulated regulations such as the *Criteria for Inspection and Sampling Judgment of Raw and Auxiliary Materials* and other related systems, clarified the main inspection items, standards, and sampling judgment criteria for raw and auxiliary materials, and standardized the inspection of such materials.

All major raw and auxiliary material suppliers are required to provide a product inspection report to ensure the safety and quality of raw and auxiliary materials.

It is required that key raw material suppliers must provide a third-party product inspection report once every three years. In 2023, 100% batch inspections are conducted and pass rate of products meets target requirements.

#### Raw and auxiliary materials management

We have established systems such as the *Quality Inspection Standards and Specifications for Bag Making Processes*, clarified the inspection items and standards for product production, and standardized the work of product quality inspection. Through regular spot checks, products found to be non-compliant during the inspection process are immediately improved and marked accordingly. Issues that cannot be resolved promptly will be reported to the responsible supervisor for resolution.

#### Product manufacturing

We have formulated the *Product Identification and Traceability Control Procedure*. Through establishing a traceability procedure, we ensure that in case of abnormalities, related products can be traced and analyzed based on the identification on the outer packaging. In addition, we have also analyzed issues such as errors in the printing of dates on outer cartons, abnormalities in paper bag packaging, and paper splices. Measures have been developed from aspects of incoming inspection, personnel training, original archiving, and equipment testing.

#### Label printing

Jihong Group has established the *Product Recall and Simulated Recall Control Procedures* and other relevant systems. When a batch or model of products is found to have safety hazards or quality issues, we will proactively initiate the recall process, promptly inform consumers, and provide corresponding solutions to protect consumer rights and establish a good corporate image.

During the reporting period, Jihong Group did not experience any product recalls.

#### After-sales assurance

Jihong Group follows national laws and regulations such as the *Law of the People's Republic of China on Product Quality* and has established 26 internal management systems and standards. These include the *Quality Risk Assessment and Control Procedures*, the *Food Safety Self-Assessment Procedures*, and *Risk and Opportunity Control Procedures*. We identify and evaluate quality risks throughout the production and operational processes. For each key stage of a product's lifecycle, we develop tailored quality assurance measures, ensuring the effectiveness of product quality and safety protocols. In 2023, all nine of the Company's production bases have passed the ISO 9000 quality management system certification, and two production base has obtained the BRC A+ certification, one production base has obtained the BRC A certification.

### Case: Jihong Group's product monthly quality meeting



To continuously improve product quality and optimize work processes, Jihong Group regularly holds monthly quality meetings, organizing various management personnel and key machine operators to conduct in-depth analysis of product quality achievements and issues. They analyze the causes and propose solutions, enhancing team members' understanding of quality standards and requirements, strengthening quality awareness in daily work, and ensuring the continuous improvement of product quality.

← Jihong Group's monthly quality meeting

### 2.2.2. QUALITY CULTURE

Jihong Group recognizes that only high-quality products and services can earn the trust and recognition of customers and the market. To bolster employee awareness of product quality, we conduct annual training sessions on quality and product safety for all staff members. Additionally, we rigorously review any product quality issues, meticulously analyzing their root causes, and subsequently devising effective solutions.

### TYPES OF JIHONG GROUP'S QUALITY TRAINING FOR EMPLOYEES

#### ONBOARDING TRAINING

We provide explanations for the Company's regulations and conduct safety, quality, and other training before new employees join the Company.

#### PRE-JOB TRAINING

We conduct training on the company's attendance management system, safety management system, basic quality standard requirements, and job responsibilities before the employees start work. Employees will only be permitted to work after successfully completing the training.

#### GMP TRAINING

We organize all staff to undergo regular on-the-job GMP training and clarify measures to improve production quality in daily work.

### Case: Pest control training

To effectively prevent and eliminate pests, reducing the potential pest hazards during the production process of cardboard packaging products, in 2023, the Company invited technicians from external professional pest control companies to provide online training on pest protection for the heads of various departments. During the training, participants learned about the introduction and treatment methods of common pests, received specific treatment suggestions for the types of pests occurring in the factory, and conducted analysis and risk assessment of the data trends of pest status in the factory, enhancing the factory's ability to handle pests and ensuring the improvement of cardboard product quality.

## 2.3. CUSTOMER SERVICE

Jihong Group attaches great importance to enhancing the user experience of its products, prioritizing friendly design and convenient customer service. We are dedicated to providing consumers with a comfortable and enjoyable usage experience.

### 2.3.1. HIGH-QUALITY SERVICE

Jihong Group embraces customer centricity by establishing internal systems such as the *Customer Service Process Management Procedures*, the *Customer Maintenance Management System*, and the *Daily After-sales Handling Methods*. Through these systems, we establish a comprehensive customer communication mechanism to uphold service quality across pre-sales, sales, and after-sales sectors. During the reporting period, we received a total of 25 customer complaints through various channels, and effectively resolved all 25 complaints, achieving a problem resolution rate of 100%.



The Company actively listens to its customers, conducting annual customer satisfaction surveys via written forms, online systems, or telephone interviews. These surveys encompass various aspects such as product quality, product packaging, and interactions with specialists. Upon analyzing the survey results, we evaluate and formulate improvement plans to address customer feedback effectively and meet their evolving needs.

To strengthen the overall quality of our customer service team and cultivate a service-oriented mindset, we regularly conduct customer service training sessions. In 2023, the Company hosted two training sessions focusing on customer maintenance management and customer satisfaction management. During these sessions, employees undergo assessments to ensure their familiarity with various internal management systems. We aim to enhance their skills in product service and customer maintenance, thereby bolstering our ability to deliver exceptional customer experiences.

### Case: Training on response and order promotion techniques on mainstream foreign social media platforms



In 2023, the Company organized special training sessions focused on responding to and promoting sales on **mainstream foreign social media platforms**. We invited experienced customer service personnel to explain in detail the response procedures and sales promotion methods on these **mainstream social** platforms and to share successful cases of responses that enable sales conversion. This allowed employees to understand and master these skills more intuitively. Through practice and simulated exercises, our employees improved their ability to promote sales.

Training on response and order promotion techniques on **mainstream foreign social media platforms** ↑

### 2.3.2. INNOVATIVE SERVICES

Jihong Group adopts a localized marketing strategy, launching products to meet local demands based on comprehensive market research. We conduct targeted marketing campaigns tailored to the distinctive preferences of customers across different regions, effectively capturing the attention and purchase intentions of local consumers. During the reporting period, we introduced seasonal products for occasions such as Christmas, Halloween, and Valentine's Day, complemented by special promotional events. Additionally, we provided a range of services including gift delivery, greeting card mailing, and festival information dissemination, exemplifying our commitment to localized marketing and expanding product sales channels.

### Case: "Party at Jihong" tour concert

In April 2023, Zhengzhou Giikin launched the "Party at Jihong" tour concert, featuring live performances by employees and professional band members, along with online live streaming and interaction, allowing everyone to feel the charm of music after work. Through this event, we showcased a diversified working environment, conveyed our commitment to achieving both material well-being and spiritual happiness for our employees, and realized the communication and implementation of our corporate culture through online and offline interactions.

"Party at Jihong" tour concert →



## 2.4. INFORMATION SECURITY

Jihong Group adheres to the overall policy of “security and prevention first, balancing management and technologies, and taking comprehensive measures to prevent risks.” We continually enhance our network and information security management system, bolstering information security measures to safeguard customer privacy. We strictly abide by laws and regulations such as the *Regulations of the People's Republic of China on Protecting the Safety of Computer Information Systems*, *Basic Requirements for Classified Protection of Information System Security*, and the *Requirements for Information System Security Management*. We have formulated internal systems such as the *Information System Security Level Management System*, and coordinated the establishment of the network and information security management system to support and empower the Company’s business development.

To enhance information security control, the Company employs a comprehensive data classification and grading system. In terms of information security protection, we reinforce both external defense and internal control by enhancing technical capabilities, optimizing management equipment, and fostering awareness among all employees. In 2023, we did not incur any significant fines, administrative penalties, or other punishments due to violations of cybersecurity and data protection laws and regulations.

### JIHONG GROUP’S SAFETY MANAGEMENT MEASURES



#### Case: Jihong Group’s cybersecurity training

In May 2023, the Company launched cybersecurity training for departments such as the Information Center, Securities Department, Procurement Center, and Finance Center. During this period, we educated the participants about cyber attack methods, measures to strengthen cybersecurity, and prevention of cyber traps, among other security knowledge. This was aimed at enhancing their awareness of information security and avoiding or reducing potential cybersecurity risks in their work, ensuring the effective protection of the Company’s information assets.

## 2.5. SUPPLY CHAIN MANAGEMENT

To establish a fair, transparent, efficient, and orderly supply chain system, Jihong Group has developed systems including the *Supplier Management Procedures*, *Procurement Management Procedures*, and the *Centralized Procurement Management Measures* to standardize the management of suppliers. In 2023, the total number of suppliers for the Company reached 178.



\*The data collection scope for the company's supplier count in 2023 includes only the packaging sector.

### 2.5.1. SUPPLIER ADMISSION AND EVALUATION

The Company has established systems such as the *Supplier Management Procedures*, the *Procurement Bidding Management Measures*, and the *Sunshine Integrity Action Cooperation Agreement* to strictly regulate the admission, cooperation, and exit processes of suppliers. We adopt an assessment and evaluation mechanism to manage suppliers through a grading system.

During the supplier admission stage, the Company conducts thorough risk and integrity assessments on potential suppliers. This involves scrutinizing materials such as factory business licenses, management system certifications, production equipment lists, product quality specifications, compliance declarations, and inspection reports. These measures are taken to ensure that the factories and products of potential suppliers meet the standards outlined in the Company’s procurement management system. Following internal evaluation and sample tracking, qualified suppliers are then registered after completing the necessary application process.

Every six months, we conduct a comprehensive assessment of our suppliers, evaluating them across three key aspects: cost, quality, and service. During these assessments, we also offer optimization suggestions to enhance supplier management practices. For suppliers who do not meet our standards, we issue a detailed report outlining required rectification measures to address identified issues and prevent future problems. If a supplier fails to meet our standards for three consecutive procurement cycles, we will cease purchasing from them and revoke their supplier qualification.

## 2.5.SUPPLY CHAIN MANAGEMENT

### 2.5.2.SUSTAINABLE SUPPLY CHAIN

The Company continuously its supply chain sustainability management strategy, committed to integrating environmental and social considerations into every stage of the supply chain management process. Through rigorous inventory management, qualification reviews, regular assessments, and audits, we proactively manage and mitigate the environmental and social risks associated with our suppliers.

#### JIHONG GROUP’ S SUPPLIER SUSTAINABILITY MANAGEMENT REQUIREMENTS

<b>PRODUCT QUALITY</b>	<ul style="list-style-type: none"> <li>We request suppliers to provide the ISO 9001 quality management system certification.</li> </ul>
<b>ENVIRONMENTAL MANAGEMENT</b>	<ul style="list-style-type: none"> <li>We prioritize choosing suppliers with good environmental management.</li> <li>We require suppliers to provide the ISO 14001 environmental management system and the environmental management system certification of the FSC forest management certification.</li> <li>We give bonus points to suppliers who show a good status in environmental management inspection within the year.</li> </ul>
<b>HEALTH AND SAFETY</b>	<ul style="list-style-type: none"> <li>We prioritize selecting suppliers with good occupational health and safety management.</li> <li>We require suppliers to provide the ISO 45001 occupational health and safety management system certification.</li> <li>We require chemical suppliers to provide hazardous chemicals business licenses, safety and environmental protection assessment reports, chemical safety technology, and conformity declarations.</li> <li>We give bonus points to suppliers who show a good status in environmental management inspection within the year.</li> </ul>
<b>BUSINESS ETHICS</b>	<ul style="list-style-type: none"> <li>We sign the <i>Sunshine Integrity Action Commitment Letter</i> with suppliers, strictly requiring them to follow ethical business standards.</li> </ul>

### 2.5.3.SUPPLIER COMMUNICATION

To achieve common prosperity and achieve mutual benefits throughout the industry chain, the Company actively engages in exchange activities with its suppliers. In 2023, we prioritized communication and collaboration with suppliers, conducting training sessions and exchanges with raw paper and materials suppliers. Through initiatives such as partnership incentives, information sharing, and technical support, we effectively combined product knowledge, technology, and application expertise to enhance the quality of supplies from our suppliers. In 2023, we organized or participated in 12 supplier exchange events.

#### Case: Supplier communication activities empower product quality



From May to November 2023, the Company continuously carried out supplier empowerment training activities, with a total of 311 participants. The training included topics such as the use of raw materials, base paper, and ink, integrating product knowledge, technology, and application, gradually improving product quality, and reducing losses. Meanwhile, the Company actively conducted training satisfaction surveys, with an overall supplier satisfaction rate reaching 100%.

Jihong Group’s supplier empowerment activity ↑



# 3. LOW-CARBON OPERATIONS FOR A GREEN FUTURE

Jihong is actively committed to advancing green development practices, advocating for energy conservation and emission reduction initiatives. We integrate the principles of sustainable development into our corporate operations and product design, continually enhancing our green manufacturing processes. Through these efforts, we remain steadfast in our commitment to building a sustainable and environmentally responsible enterprise.

## 3.1. GREEN PRODUCTION

Jihong Group actively promotes the concept of sustainable development through tangible actions, vigorously driving high-quality development while remaining steadfast in our commitment to achieving carbon neutrality within our own operations. The Company comprehensively implements green operations and encourages employees to actively participate in environmental protection efforts both at work and in their personal lives. Through these initiatives, we strive to cultivate a sustainable coexistence with the ecological environment.

### 3.1.1. ENVIRONMENTAL MANAGEMENT SYSTEM

The Company strictly adheres to the *Law of the People's Republic of China on Environmental Protection*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*. We have developed internal management systems such as the Environmental Management System, which standardizes processes and regulates the implementation of environmental protection measures. In 2023, our packaging and printing production facilities passed the ISO 14001 environmental management system certification.

To mitigate potential risks such as air pollution, water pollution, and hazardous waste disposal, we have developed the *Environmental Protection Emergency Plan*. This plan standardizes the response to sudden pollution incidents, aiming to minimize the impact of potential environmental pollution and ecological damage accidents. We have established an Emergency Rescue Leading Group tasked with coordinating relevant departments to analyze the causes and impacts of accidents. Additionally, we conduct regular emergency drills and routine checks on environmental impact factors to ensure preparedness. In terms of environmental impact assessment, we follow the *Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects* issued by the Ministry of Ecology and Environment of the People's Republic of China, hiring qualified entities to carry out environmental impact assessment. In 2023, we did not commit any environmental violations.

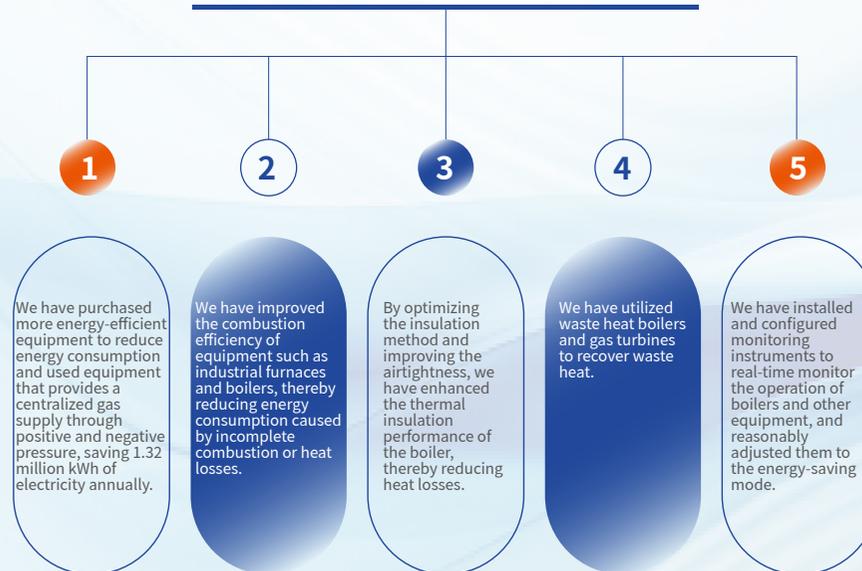
### 3.1.2. RESOURCE MANAGEMENT

The Company strongly advocates for energy conservation and emission reduction, continuously improves resource utilization efficiency, and adheres to an environmentally friendly and sustainable development path.

## ENERGY MANAGEMENT

The Company strictly complies with laws and regulations such as the *Law of the People's Republic of China on Energy Conservation* and formulates internal documents such as the *Energy Conservation and Consumption Reduction Management System* and the *Energy Management Operation Manual*. We have established an Energy Management Group, who are fully responsible for our energy management. To oversee our energy management efforts, we have established an Energy Management Group tasked with ensuring full accountability for energy management initiatives. Our objective is to minimize energy consumption losses and waste, particularly in electricity usage across all aspects of production, striving to maximize production performance and economic benefits with minimal energy consumption.

### JIHONG GROUP'S HIGHLIGHT MEASURES ON ENERGY-SAVING AND EMISSION REDUCTION



On the path towards fostering green and low-carbon operations, we persistently optimize our energy structure by promoting the comprehensive use of clean and renewable energy sources. Furthermore, we increase our investment in the research and development of low-carbon technologies and energy-saving renovations within our operation. In 2023, the Company constructed a 10MW distributed photovoltaic power generation project across its production bases in Xiamen, Anhui, Langfang, and Jinan, generating approximately 6 million kWh of electricity annually.

## ENERGY MANAGEMENT



### JIHONG GROUP'S ENERGY CONSUMPTION

Indicator	Unit	2023
Gasoline	ton	37
Diesel	ton	53
Natural gas	cubic meter	3,468,124
Purchased electricity	kWh	49,512,481
Purchased heat	GJ	95
Total energy consumption	tce	10,420
Energy consumption intensity	tce/RMB 1 million of revenue	1.56

### JIHONG GROUP'S GHG EMISSIONS

Indicator	Unit	2023
Scope 1 GHG emissions	tCO <sub>2</sub> e	7,860
Scope 2 GHG emissions	tCO <sub>2</sub> e	28,237
Scope 1 + Scope 2 GHG emissions	tCO <sub>2</sub> e	36,097
GHG emissions intensity	tCO <sub>2</sub> e/RMB 1 million of revenue	5.39

## WATER RESOURCE MANAGEMENT

The Company strictly follows laws and regulations such as the *Water Law of the People's Republic of China*. We continuously upgrade high water consumption production processes and employ industrial wastewater treatment equipment to facilitate the efficient and circular utilization of water resources. In 2023, our subsidiary factories implemented reclaimed water reuse treatment equipment and boiler water purification equipment to treat wastewater used for equipment cleaning purposes. This initiative effectively increased the utilization of recycled water while achieving low discharge of industrial wastewater.

### 2023 HIGHLIGHT MEASURES FOR WATER CONSERVATION IN THE FACTORY:



1,320  
ton

1,440  
ton

300  
ton

The Shanxi factory used water purification equipment in the boiler room to recycle treated wastewater, achieving an annual water saving of about 1,320 tons.

The Ningxia factory significantly reduced the water usage for glue production by recycling wastewater through water purification equipment in the boiler room, achieving an annual water saving of about 1,440 tons.

The Luanzhou factory adopted a waste water recycling and reuse process from tile lines and recovered about one ton of washing water per day, saving 300 tons of water annually.

### JIHONG GROUP'S WATER USE IN 2023



### 3.1. GREEN PRODUCTION

#### 3.1.3. EMISSION MANAGEMENT

Jihong Group is committed to a green and environmentally friendly production environment. We have established a comprehensive emission management system and disposal process aimed at standardizing the management of pollutants such as wastewater, exhaust gas, and solid waste generated during production. Through these initiatives, we aim to minimize our negative impact on the environment while actively contributing to the empowerment of a green ecology.

### WASTEWATER MANAGEMENT

The Company strictly adheres to laws and regulations such as the *Law of the People's Republic of China on Water Pollution Prevention and Control* and the *Regulation on Urban Drainage and Sewage Treatment*. We have formulated the *Production Wastewater Treatment Management System* as an internal management system to standardize the production wastewater treatment process and prevent environmental pollution caused by wastewater. We implement grid management for each production unit, delineating clear safety management responsibilities for the personnel at treatment stations. Moreover, we have implemented a performance assessment mechanism to ensure their supervision and prevent the illegal discharge of untreated wastewater. To ensure the stable operation of equipment, the management department conducts biannual cleaning of wastewater treatment equipment, adjusting the frequency as needed based on equipment condition and checking for internal wear and tear. All subsidiary factories utilize reclaimed water treatment equipment, facilitating wastewater recycling and minimizing industrial wastewater discharge.

#### JIHONG GROUP'S TOTAL EMISSIONS IN 2023

Industrial wastewater discharge **1,440** ton

Domestic sewage **67,113** ton

### WASTE GAS MANAGEMENT

The Company follows laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution* and has developed the *Prevention and Control System for Waste Water, Waste Gas, Dust and Solid Wastes*. In accordance with the law, we conduct environmental impact assessments and publicly disclose assessment documents. We strictly adhere to standards for controlling air pollutant emissions. For production activities generating waste gases in enclosed spaces, we install and utilize pollution control facilities as mandated. Additionally, we employ dust filtering technology to effectively control emissions, treating waste gases and dust generated in various workshops.

Total waste gas emissions

**213,000** ton

JIHONG GROUP'S TOTAL WASTE GAS EMISSIONS IN 2023

### SOLID WASTE MANAGEMENT

The Company complies with multiple waste regulations and policies such as the *Law of the People's Republic of China on Environmental Protection* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, among others. By lining with our production characteristics, we manage waste through classification, prioritize waste reduction and recycling initiatives, and enhance resource utilization efficiency. For hazardous waste, we have established the *Hazardous Waste Management System* in accordance with government environmental protection regulations. All departments are responsible for collecting, calculating, and archiving the amount of hazardous waste produced by category. Hazardous waste is regularly handed over to the hazardous waste management department for classified storage in the hazardous waste warehouse, and then transferred for processing.

(Hazardous waste)  
Hazardous waste such as  
sludge and waste ink barrels

**109.6** ton

WASTE PRODUCED  
BY JIHONG GROUP  
IN 2023

(Non-hazardous waste)  
Waste paper from production

**33,256.1** ton

## 3.1. GREEN PRODUCTION

### 3.1.4. GREEN PRODUCTS

As environmental protection concepts continue to evolve, Jihong Group has prioritized low-carbon emission reduction as the primary goal of its innovation and R&D efforts. Our focus lies in eliminating plastic from packaging materials and promoting the use of sustainable alternatives, thereby advocating for green production and sustainable development. In 2023, we made several breakthroughs in the R&D of green products. These include multi-functional reusable packaging and robust water-resistant paper bags made from sustainable materials. These innovations aim to replace traditional plastic, tin cans, and other packaging containers, striking a balance between green principles and practicality.



#### JIHONG GROUP'S MAJOR GREEN PRODUCTS IN 2023

##### HIGHLIGHT 1

Multi-functional reusable packaging: Through the innovative design of the structure, the product is lined with multi-functional storage space. At the same time, the design of the packaging helps customers to reuse the carton structure after opening the box and removing the original product, and still maintains the intact carton structure. The raw material is made of naturally degradable corrugated carton instead of plastic or iron box, which helps to protect the environment.

##### HIGHLIGHT 2

#### JIHONG GROUP'S MAJOR GREEN PRODUCTS IN 2023



Strong water-resistant eco-friendly paper bags: By using materials such as acrylic emulsion, water wax, curing agents, deionized water, and organosilicon, along with other special additives, we have developed and produced a waterproof coating. This creates a film with a certain water-blocking effect, enhancing the water resistance of the paper bags.



#### JIHONG GROUP'S MAJOR GREEN PRODUCTS IN 2023

##### HIGHLIGHT 3

New corrugated gift boxes with consumer interaction features: Through the structural design of the gift box and the inner card, we have matched the size, spacing, and layout design of the interactive accessories' cutting lines, reducing the consumption of raw paper. We have also used environmentally friendly materials to achieve green production.

### Case: Jihong Group's green design of corrugated paper cartons

In 2023, the Company used environmental friendly and sustainable raw materials such as corn starch and soy-based ink to replace conventional paper, ink, glue, and film resources in order to reduce the impact on the environment. After the product entered the market, it could be recycled through channels such as waste collection stations, with a recycling rate of up to 100%.

#### 2023 Green Design Honors:

Jihong Group's folding carton won the Green Design Product issued by the Ministry of Industry and Information Technology.

"Corrugated Carton" won the Inner Mongolia Autonomous Region Department of Industry and Information Technology "Green Design Products".



"Corrugate Cardboard Box" was awarded Green Design Product by the Industry and Information Technology Department of the Inner Mongolia Autonomous Region

## 3.2. GREEN OFFICE

The Company prioritizes environmental and resource management within office areas, implementing a range of energy-saving and emission-reduction measures to promote green office practices. We actively foster a culture of green office habits among employees, aiming to reduce environmental pollution and minimize paper and electricity waste. We organize regular energy-saving education, training, and promotional activities to enhance the professional competence and energy-saving awareness of all staff members. Additionally, we have established an evaluation system with corresponding rewards and penalties to encourage adherence to green office practices.

### JIHONG GROUP'S GREEN OFFICE MANAGEMENT MEASURES



### JIHONG GROUP'S GREEN OFFICE PERFORMANCE IN 2023

Types of waste	Unit	2023
Waste printer toner cartridges (Hazardous waste)	kg	92.7
Waste printer cartridges (Hazardous waste)	kg	64.0
Waste mercury-containing fluorescent tubes (Hazardous waste)	kg	95.9
Waste electronic equipment (Hazardous waste)	kg	117.0
Used batteries (Hazardous waste)	kg	41.1
Kitchen waste (Non-hazardous waste)	ton	210.0
Domestic waste (Non-hazardous waste)	ton	452.4
Office paper (Non-hazardous waste)	ton	12.6

## 3.3. CLIMATE CHANGE

In reference to the requirements of the IFRS S2 Climate-related Disclosures published by the International Sustainability Standards Board (ISSB), Jihong Group takes proactive measures to identify diverse transformation and physical risks associated with climate change, and promptly develops climate risk management approaches and response measures. In accordance with the Notice of the State Council on Printing and Distributing the Action Plan for Carbon Peaking by 2030 and the Opinions of the Central Committee of the Chinese Communist Party and the State Council on Completely and Comprehensively Implementing the New Development Concept to Achieve Carbon Peaking and Carbon Neutrality, we proactively prepared the Action Plan for Carbon Peaking and Carbon Neutrality of Jihong, formulating the corresponding carbon emission reduction action plans.

### JIHONG GROUP'S CLIMATE CHANGE RISK IDENTIFICATION LIST

Types of risks		Risk description		Countermeasures
Transition risks	Policy risks	Industry low-carbon policy requirements	Government carbon emission quota allocation and carbon cost pressure;	Formulate carbon reduction plans according to the industry's low-carbon policies. Prioritize purchasing low-energy-consumption equipment.
		Tightening regulatory requirements	Events that may result in fines, losses, business suspension, and negative impacts on the brand and reputation; stricter supply chain compliance requirements;	
		Litigation risks	Litigation risks arising from supply chain disruptions, resulting in the Company's not being able to fulfill contracts on time;	
	Technology and market risks	The cost of transitioning to low-carbon emission technologies	Increased costs for upgrading equipment for energy saving and efficiency improvements;	
		Changing behaviors and preferences of customers	Possible loss of orders and reduction in revenue due to the lack of carbon neutrality targets and data disclosure; Downstream enterprise customers require upstream suppliers to provide green, low-carbon products and to establish carbon neutrality strategic goals;	
		Rising raw material costs	The quantity and quality of raw materials are continuously declining, and the shortage of supply resources leads to an increase in R&D costs;	
Physical risks	Reputational risks	Negative publicity	Insufficient emission reduction targets and disclosure of emission information lead to the inability to meet shareholder expectations, causing negative publicity for the Company's reputation;	
		Acute risks	Frequent typhoons, floods, droughts, and other extreme weather conditions	Operating assets and equipment losses, sales losses due to business interruption;
Physical risks	Chronic risks	Climate change and rise in average temperature	Increase in energy consumption in factories and offices, leading to a rise in energy costs; Reduced employee productivity and increased labor costs.	Formulate emergency plans to respond to natural disasters and extreme weather to minimize losses to the greatest extent.

# 4. GROWING TOGETHER WITH INCLUSION AND CARE

Jihong Group, relying on a perfect management system and outstanding corporate performance, ensures the protection of all employees' legitimate rights and interests. We actively foster a corporate culture that is diverse, inclusive, open, and enterprising, thereby nurturing a conducive environment for employees' professional growth and career development. The Company upholds the values of responsibility and commitment, actively engaging in social welfare and charitable endeavors, and supporting the development of the local community.

## 4.1. TALENT ATTRACTION

Jihong Group is committed to creating a sustainable talent ecosystem, with a focus on offering competitive salaries and benefits to employees. Our aim is to attract and retain top talent while fostering shared interests between the Company and its workforce.

### 4.1.1. DIVERSITY AND INCLUSION

The Company adheres to the principle of equal employment and respects employee diversity. We strictly comply with legal and regulatory policy requirements such as the *Labor Contract Law of the People's Republic of China* and the *Labor Law of the People's Republic of China*. We have formulated internal management documents such as the *Cooperate Social Responsibility (CSR) Management Manual* to clearly outline our commitment to eliminating any form of discrimination in employee recruitment, employment, assessment, promotion, retirement, and other areas. We ensure that decisions are not based on factors such as gender, age, religious beliefs, nationality, marital status, race, disability, or any other factors. For employees performing the same tasks, expending the same effort, and achieving similar levels of performance, we provide equal compensation and welfare benefits.

In accordance with the *Law of the People's Republic of China on the Protection of Minors* and the *Provisions on the Prohibition of Using Child Labor*, we have explicitly outlined in the *Cooperate Social Responsibility (CSR) Management Manual* the Company and all its employing units are required to rigorously verify the identity information of employees during the recruitment process and must refrain from employing minors. We unequivocally prohibit all forms of forced labor. In the event of a suspected case, we initiate an investigation immediately, and impose corresponding punishments on the directly responsible supervisors and other relevant personnel. In 2023, there were no incidents of employing child labor or forced labor in the Company.

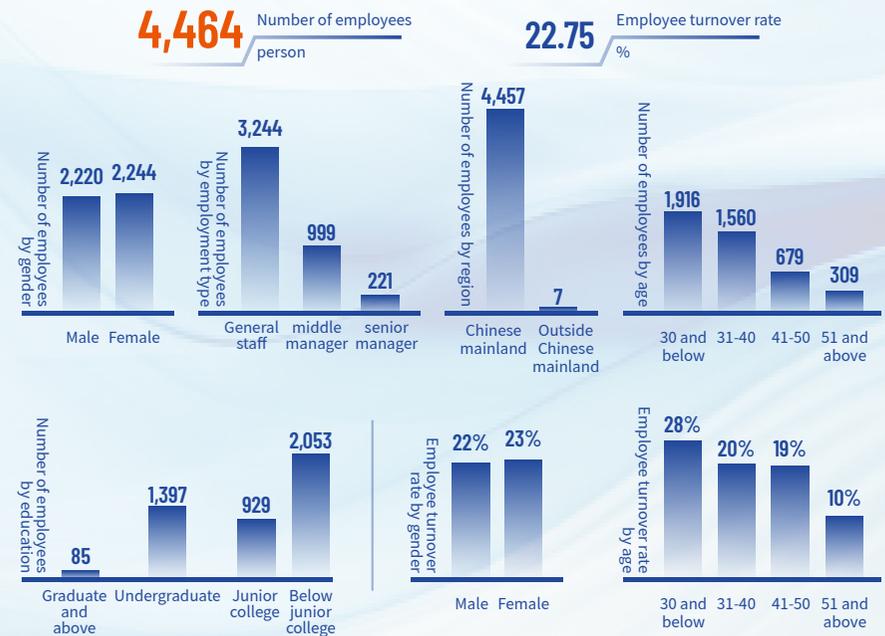
## DIVERSIFIED RECRUITMENT

The Company has formulated a comprehensive human resources strategy aimed at attracting talent from diverse backgrounds through various channels such as campus recruitment, online media platforms, and headhunting. Our goal is to build a multi-tiered, high-quality talent pool. actively promote the re-employment of retired technical personnel, prioritize the recruitment of individuals from minority groups, and continuously strive to increase the representation of women in management positions. These efforts underscore our commitment to fostering the high-quality development of the enterprise. In 2023, we had employed **4,464** people, including **40** with disabilities.

### RECRUITMENT CHANNELS



### JIHONG GROUP'S EMPLOYMENT IN 2023



## 4.1.TALENT ATTRACTION

### 4.1.2.EMPLOYEE BENEFITS

In line with the principles of compliance, fairness, motivation, competitiveness, and resilience, the Company has devised a comprehensive *Compensation and Management System*. We continuously improve the salary and benefits security system to enhance the security of salaries and benefits, and effectively implement an incentive policy that encompasses all staff members. By doing so, we aim to stimulate organizational vitality and ensure the Company's sustainable growth. At the same time, we have established a performance incentive framework and accountability mechanism for all employees, along with a system for communicating and providing feedback on performance results. Recognizing the diverse value attributes of different business units and the unique characteristics of various positions, we have developed four distinct salary categories: performance-based salary, annual salary, commission-based salary, and piece-rate salary. These categories are designed to fully safeguard the salary rights and interests of our employees.

The Company places utmost importance on respecting employees' rights to information and overseeing public opinion. To this end, we have revised the *Social Responsibility Management System* to standardize the mechanism and process for addressing employees' complaints related to their rights and interests. We have established a dedicated platform for employee communication and actively solicit their opinions and suggestions through various channels, including employee forums and suggestion boxes. We encourage all employees to voice their concerns or provide suggestions anonymously or openly, within the bounds of legality and compliance, regarding any issues they encounter in their work or personal lives, as well as suggestions for improving various aspects of the Company. Our relevant departments promptly address and follow up on the issues and suggestions raised by employees, providing timely responses and implementing solutions. In 2023, Jihong Group conducted a satisfaction survey on employee meals across nine factories, ensuring that employees fully enjoy their rights within our operations.

In addition, we prioritize the work-life balance of our employees, actively fostering a harmonious and positive cultural environment. We aim to enrich their leisure activities, alleviate work-related stress, and comprehensively enhance their sense of engagement, accomplishment, identification, and happiness. In 2023, we donated RMB**43,931** to employees facing hardships.



### Case: Women's Day event



In March 2023, Jihong Group held a special Women's Day event for all female employees at its headquarters in Xiamen. Leaders delivered speeches expressing sincere blessings and deep gratitude to the female colleagues for their hard work and outstanding contributions to the Company's development. This event not only allowed the female colleagues to feel the Company's care and respect but also further strengthened the Company's cohesion and unity.

Women's Day event ↑

### Case: Jihong Group's Mid-Autumn fortune event



In September 2023, Jihong Group held its annual Mid-Autumn fortune event at its Xiamen factory. On the day, leaders and all employees gathered together to experience the grand occasion of traditional culture and to pursue good fortune. This event not only enhanced emotional exchanges among employees but also enriched their leisure time.

Mid-Autumn fortune event ↑

## 4.2.TALENT GROWTH

Jihong Group firmly believes that talent is the cornerstone of enterprise development. Guided by our founding principle of evolving in tandem with our employees, we are dedicated to offering diverse development avenues and tailored training programs to our workforce. Through the coordination of resources from various stakeholders, we have established a comprehensive range of training courses aimed at fostering the career advancement of our employees. This initiative empowers them to unlock their full potential, thereby advancing both their personal growth and the development of the Company.

### 4.2.1.TALENT CULTIVATION

To effectively enhance the overall business capabilities of employees, we have formulated training systems such as the *Training Management System*. This framework standardizes the process and requirements for employee training, underscoring our commitment to establishing a scientific mechanism for nurturing talent pools. We provide employees with diverse options for growth and have introduced three talent team-building initiatives: the Successor Program for mid-to-high-level talent, the Grand Vision Program for mid-to-basic-level talent, and the Master and Apprentice Program for operational-level talent. Our training approach follows the TACT model, leveraging the strengths of core talents across various levels. In 2023, the total training hours for all employees reached 12,405 hours.

### JIHONG GROUP'S TRAINING PROGRAMS



TACT model: It is a training system for reserve talents with Training, self-Arise, Coaching, Task assignment as the core links.

JIHONG GROUP'S EMPLOYEE TRAINING IN 2023: **2.78** Average training hours per person hour/person

#### Case: Pre-job training for employees



In 2023, the Company carried out job competency training for employees to ensure that they possess the necessary skills and knowledge. This training helped employees better adapt to their job positions, improved their overall business capabilities, and laid a solid foundation for the Company's development.

Pre-job training for employees ↑

#### Case: Jihong Group collaborates with vocational colleges to establish the "Jihong Class"

In October 2023, Jihong Group initiated the "Jihong Class", an innovative attempt at deep cooperation with vocational colleges. This collaboration combined the special class with the Company's talent development concept and, based on the actual needs of each production base under Jihong Group's packaging business sector, carried out targeted vocational education aimed at cultivating high-quality talents who can quickly adapt to and integrate into the corporate work environment. Currently, the Company's packaging business sector has a total of ten production bases, with a workforce of over 2,000 people, providing a broad employment prospect for school-enterprise cooperation.

#### Case: Jihong Group's talent team-building activity



In accordance with the 2023 talent development plan, the Company vigorously promoted school-enterprise cooperation by carrying out apprentice training, leading new employees to learn about the equipment, including operating new machines and repairing simple equipment to help improve the professional skills of new employees.

← Apprentice training activity

### 4.2.2. PROMOTION AND DEVELOPMENT

Jihong Group adheres to the principles of openness, fairness, and justice and regularly carries out talent inventory work. We have formulated the *Employee Career Development Management System* as an internal management system, establishing a standardized employment mechanism that fosters a culture where “the capable rise, the mediocre step aside, and the incompetent leave.” During promotion assessments, we conduct comprehensive evaluations and screenings encompassing employee technical proficiency, professional aptitude, and management skill enhancement. Tailoring career development paths to individual attributes and capabilities, we ensure that each employee discovers the most suitable direction and objectives for their advancement.

## 4.3. SAFETY AND HEALTH

Jihong Group always prioritizes health and safety, adhering to the work policy of “people-oriented, safety first, prevention-focused, and comprehensive management.” We continuously improve our safety management framework and system. To reinforce safety operation and construction management, we engage in activities such as safety hazard investigation and management, along with safety awareness and skill training for employees. These measures are undertaken to comprehensively safeguard the well-being of our employees.

### 4.3.1. WORK SAFETY

The Company strictly adheres to laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Work Safety Law of the People's Republic of China*. We have formulated a series of safety management systems including the *Production Safety Management System*, the *Comprehensive Contingency Plan for Workplace Accidents*, the *Safety Risk Classification and Control*, and *Hidden Danger Investigation and Management System*, and the *Fire Safety Management System*. These systems establish inspection standards for safe and civilized construction, delineate responsibilities among construction-related units, outline construction engineering procedures in detail, and ensure effective work safety management.

Based on the *Work Safety Responsibility System*, we have established the Work Safety Management Committee to oversee and direct our employees' occupational health and safety initiatives. This committee is tasked with managing various safety and environmental concerns, ensuring standardized personnel management safety, and preventing occupational diseases. We have explicitly outlined the responsibilities and authorities of supervision and construction units concerning construction safety and civilized construction, thereby furnishing robust support for establishing a safe and standardized construction environment.



To strengthen the review and supervision of contractors, suppliers, and other related parties, we have formulated the Related Party Safety Management System. This system standardizes contractor safety management and mitigates potential adverse effects on the Company resulting from related incidents or accidents. Our Safety and Environmental Department is responsible for supervising and managing contractors' safety, while the Procurement Department facilitates the exchange and dissemination of safety information. Our aim is to establish a comprehensive, full-cycle contractor safety risk management system. Before cooperation, we require contractors to sign the Safety Management Agreement and undergo safety training. This process clarifies the responsibilities and work requirements for both parties concerning occupational safety, thereby ensuring the safety of contractors. In 2023, there were no occupational safety accidents involving contractor employees within the operational scope of Jihong Group.

### 4.3.2. OCCUPATIONAL HEALTH AND SAFETY



Jihong Group strictly adheres to the requirements of laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We adhere to international advanced standards in occupational health and safety management, devising frameworks such as the Occupational Health Management System and the 2023 Safety and Environmental Management Work Plan. Additionally, we have established an occupational disease prevention team dedicated to advancing the construction of our occupational health and safety management system. To ensure the suitability, adequacy, and effectiveness of the management system, we regularly conduct audits of the ISO 45001 occupational health and safety system, management reviews, and third-party supervisory audits, and promptly urge rectification of identified issues. As of the end of the reporting period, we have obtained the ISO 45001 occupational health and safety system certification.

← ISO 45001 occupational health and safety management system certification



### OCCUPATIONAL HEALTH OF EMPLOYEES IN 2023



## 4.3. SAFETY AND HEALTH

### 4.3.3. SAFETY CULTURE

In our daily work, we prioritize the education of employees on safety culture, conducting regular safety education sessions and observing the Work Safety Month activity. Our objective is to enhance employees' awareness and proficiency in occupational safety and protection measures.

## EMERGENCY SUPPORT

We conduct thorough special rectification initiatives for production safety, intensify the identification of potential hazards, and devise comprehensive emergency protocols for unforeseen events. Our aim is to minimize human casualties, property damage, environmental harm, and social repercussions to the fullest extent possible. Annually, we perform safety risk assessments, compiling a comprehensive risk inventory at each organizational level. This process aids in identifying major risks subject to close monitoring and supervision by the Company.

We continue to strengthen the development of safety emergency management mechanisms across all subsidiaries. Each entity has instituted an emergency management system with delineated responsibilities, swiftly responding to any anomalies detected through monitoring and early warning systems. In addition, we prioritize enhancing the emergency knowledge and skills of all personnel, conducting regular drills in accordance with emergency response plans to bolster everyone's proficiency in handling safety risk incidents.

### Case: Fire emergency evacuation drill



In December 2023, the Company carried out fire emergency evacuation drills with the themes "Preventing Fire from the Details and Ensuring Safety Together" and "Taking Responsibility in Firefighting and Staying Aware in Life." The purpose was to strengthen the education of employees' safety awareness, enhance their emergency rescue and self-rescue capabilities, ensure that employees can respond correctly and quickly to initial fires and safeguard the health and property safety of employees.

Fire emergency drill ↑

### Case: Jihong Group's safety emergency drills

In 2023, Jihong Group actively carried out safety emergency drills. By simulating real-life scenarios, we aimed to improve the response speed and the ability of our employees to handle emergency situations, ensuring that quick and effective measures can be taken to protect the lives of our employees in case of emergencies.

Safety emergency drill in Anhui factory



Safety emergency drill in Jinan factory



Safety emergency drill in Huanggang factory



Safety emergency drill in Hohhot factory



### Case: Work Safety Month Activity

In 2023, to promote a safety culture, and enhance the awareness of work safety and compliance with laws and regulations among all employees, we joined hands with various subordinate factories to carry out the Work Safety Month activity. Through this activity, we enhanced strict accident control, promoted the long-term, stable development of the Company's work safety, and ensured the normal operation of production and business.

Work Safety Month activity in Luanzhou Factory



Work Safety Month activity in Anhui Factory



## 4.4.SOCIAL WELFARE

Jihong Group upholds the principle of gratitude and reciprocity, steadfast in sharing the benefits of its progress with society and fulfilling corporate social responsibility with diligence. Leveraging our resources, we extend essential financial and material aid to support various regions, engaging in endeavors such as assisting those in need, visiting retired veterans, and endorsing public welfare initiatives, thus demonstrating our commitment to societal well-being through tangible actions. In 2023, the Company actively engaged in a public welfare scholarship project initiated by the China Foundation for Rural Development and joined forces as a public welfare partner in the One Yuan Donation program. Through charitable contributions encompassing targeted support, compassionate donations, educational aid, and other initiatives, Jihong Group deepens collaboration between enterprises and local communities, propelling local advancement, reinforcing and broadening the impact of poverty alleviation initiatives, and fostering the holistic revitalization of impoverished regions and rural areas.



Public charity certificate

The Company remains dedicated to initiating diverse public welfare projects aimed at aiding vulnerable demographics, while also inspiring our employees to actively engage in community development and public service through volunteerism. Through these efforts, we contribute to fostering harmony within society and nurturing vibrant, beautiful communities.

### Case: Helping people with difficulty



In 2023, Hohhot Jihong Printing Packaging Co., Ltd. actively participated in the charity activity organized by the Industry, Information, Science and Technology Bureau of Tumed Left Banner to donate to the underprivileged. We visited local community members who were not properly resettled and were living in difficult conditions to provide support and assistance. A total of RMB31,500 in relief funds was provided to 21 underprivileged individuals, further ensuring their quality of life.

Helping people with difficulty

### Case: Visiting retired veterans



In 2023, on the occasion of Army Day, GiiKin (Zhengzhou) Digital Technology Co., Ltd. organized its employees to visit retired veterans, bringing them carefully prepared gifts and warm care. Despite the torrential rain, employees visited these honored homes, had heartfelt conversations with the veterans, listened to their military stories, and expressed their respect and gratitude through their actions.

Visiting retired veterans

### Case: Xiamen Marathon partnership



In 2023, Jihong Group joined hands with the Xiamen Marathon and launched the noodle soup campaign, inspired by the offering to Jinming Temple in Xiamen, to convey blessings for good luck and good health of the contestants. At the 31-kilometer mark of the return course, the Company worked with the organizers of the Xiamen Marathon to provide contestants with a bowl of warm and delicious noodle soup, giving them the strength to keep running forward, which represents a new chapter for the Xiamen Marathon.

Xiamen Marathon partnership

# APPENDIX

## HKEX ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and Key Performance Indicators		Location	
Environment	A1 Emissions	General Disclosure: relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P20
		A1.1 The types of emissions and respective emissions data	P22-24
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	P21
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	P22
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	P22
		A1.5 Description of measures to mitigate emissions and results achieved	P22
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P22
		A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials
	A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility)		P21
	A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility)		P21
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them		P21
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and results achieved		P21

Subject Areas, Aspects, General Disclosures and Key Performance Indicators		Location	
Environment	A3 The Environmental and Natural Resources	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	P22
		General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources	P24
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	P24
	A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	P24
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	P24
Social	B1 Employment	General Disclosure: relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P25-26, 28
		B1.1 Total workforce by gender, employment type, age group and geographical region	P25
		B1.2 Employee turnover rate by gender, age group and geographical region	P25
		B2 Health and Safety	General Disclosure: relating to providing a safe working environment and protecting employees from occupational hazards (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year		P28
	B2.2 Lost days due to work injury		P28
	B3 Development and Trainings	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	P28-29
		General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P27
		B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management)	P27
	B3.2 The average training hours completed per employee by gender and employee category	P27	

# HKEX ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and Key Performance Indicators			Location
Social	B4 Labour Standards	General Disclosure: relating to preventing child and forced labour (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P25
		B4.1 Description of measures to review employment practices to avoid child and forced labour	P25
		B4.2 Description of steps taken to eliminate such practices when discovered	P25
		General Disclosure: Policies on managing environmental and social risks of the supply chain	P18-19
	B5 Supply Chain Management	B5.1 Number of suppliers by geographical region	P18
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	P18
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	P19
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	P19
	B6 Product Responsibility	General Disclosure: relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P13-18
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	P16
		B6.2 Number of products and service related complaints received and how they are dealt with	P17
		B6.3 Description of practices relating to observing and protecting intellectual property rights	P16
		B6.4 Description of quality assurance process and recall procedures	P16
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	P16
	General Disclosure: relating to bribery, extortion, fraud and money laundering (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P12	

Subject Areas, Aspects, General Disclosures and Key Performance Indicators			Location
Social	B7 Anti-corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	P12
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P12
		B7.3 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P12
	B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	P30
		B8.1 Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport)	P30
		B8.2 Resources contributed (e.g., money or time) to the focus area	P30

## READER FEEDBACK FORM

Dear readers,

Hello! Thank you very much for reading the *2023 Xiamen Jihong Technology Co., Ltd. Environmental, Social and Governance Report*. We highly value and look forward to hearing your feedback on our ESG management, practices, and reporting. Your opinions and suggestions will be an important basis for us to continuously advance corporate ESG management and practices. We look forward to your reply!

1. What is your identity?

- Investor  Employee  Supplier  Customer  Government and Regulatory Agency  
 Community  Partner  Industry Association/NGO  Other (please specify)

\_\_\_\_\_

3. What do you think about the clarity, accuracy, and completeness of the information disclosed in this report?

- Excellent  Good  Average  Below average

5. What do you think about the comprehensiveness of the Company's environmental responsibilities reflected in this report?

- Excellent  Good  Average  Below average

7. Do you think the information provided in this report is readable?

- Excellent  Good  Average  Below average

9. What do you think of Jihong Group's performance in giving back to its shareholders?

- Excellent  Good  Average  Below average

11. Open-ended question: What do you wish to know more about beyond this report?

2. What is your overall comment on this report?

- Excellent  Good  Average  Below average

4. What do you think about the comprehensiveness of the Company's economic responsibilities reflected in this report?

- Excellent  Good  Average  Below average

6. What do you think about the comprehensiveness of the Company's social responsibilities reflected in this report?

- Excellent  Good  Average  Below average

8. What do you think of Jihong Group's performance in serving customers?

- Excellent  Good  Average  Below average

10. How would you rate the accuracy and comprehensiveness of Jihong Group's communication with stakeholders and the analysis of their relationship with the Company?

- Excellent  Good  Average  Below average

12. Open-ended question: What are your suggestions regarding the compilation of our ESG Report?