

Intco Recycling Resources Co., Ltd.
**Corporate Value and Return Enhancement
Action Plan 2024**



INTCO Recycling Resources Co., Ltd.

Corporate Value and Return Enhancement Action Plan 2024

To adhere to the principle of "investors first" and uphold the interests of all shareholders, INTCO Recycling Resources Co., Ltd. (hereinafter referred to as "INTCO Recycling" or "the company") has formulated the "Corporate Value and Return Enhancement Action Plan 2024", which was approved by the 10th meeting of the 4th board of directors.

Since listing on the Shanghai Stock Exchange's STAR Market in 2021, the company has continuously improved its governance structure, internal control system, and information disclosure system. The company deeply realized that improving the quality of listed companies, enhancing investors' returns, and enhancing investors' sense of gain is the proper meaning of the development of listed companies and their responsibility to investors to form a long-term sustainable benefit sharing mechanism for investors, employees, and stakeholders.

I Focus on the main business and has a significant position in the industry

INTCO Recycling is a high-tech manufacturer of recycled products. Utilizing recycled resources has created a full supply chain with recirculated plastics. INTCO Recycling has established a unique business model by processing recycled plastics into fashionable consumer products.

The company has six production bases worldwide, located in

Shandong, Shanghai, Anhui, Jiangsu, Malaysia, and Vietnam. Our products have been exported to more than 120 countries and regions in America, Europe, Asia, Africa, and Oceania, providing quality products and services to more than 12,000 customers worldwide. As an A-share company with a unique business model in the field of energy conservation and environmental protection on the Shanghai Stock Exchange's STAR Market, it has maintained steady growth in its main business in the past three years (2021-2023), with an accumulated operating income of 6.501 billion yuan, a net profit attributable to the listed company of 666 million yuan and a net profit margin of over 10%.

The World Leader In High-Tech Manufacturing Through Recycled Materials

20+ Years | 3 Business Units | 6 Production Bases | 3500+ Employees

120+ Countries | 12,000+ Customers in the World



(1) Main business products

With over 20 years of deep cultivation in the field of renewable plastics, the company has built a global channel advantage, mainly engaged in PS and PET. The company has divided into three business segments: recycling, reuse, and utilization, forming four main product patterns: "frame product, decorative mouldings, PET products, and recycled

particles". Among them, high-value products represented by frames and decorative mouldings account for more than 70% of the company's main product revenue share, and their gross profit margins are more than 30%.

The company's self-developed and designed plastic volume-reducing and density-increasing recycling equipment has helped more than 1,000 recycling sites in more than 80 countries at home and abroad to improve recycling efficiency and reduce operating costs significantly. The company has the utilization capacity of treating about 100,000 tons of PS foam and 50,000 tons of PET bottles every year and further processing them into exquisite frames (such as picture frames, decorative building materials, and so on.), to finally realize the high-value journey of renewable plastics in becoming great treasure! The process of "replacing wood with plastic, replacing stone with plastic and replacing metal with plastic" has broken the bottleneck of traditional frame production, changed the original complicated production process, significantly improved the production efficiency, not only greatly saved global natural resources, but also realized the repeated recycling of recycled plastic products.

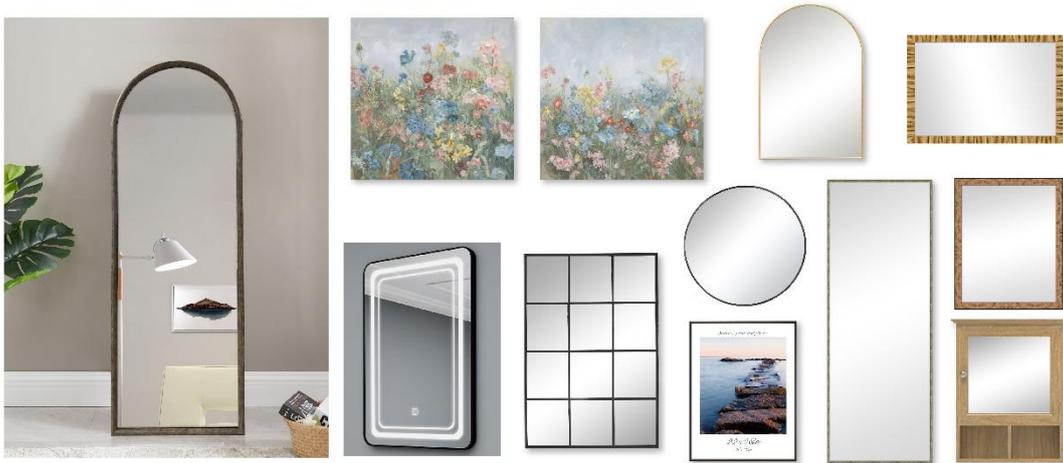


Figure-recycled frame products

(2) Production capacity under construction increases

The under-construction project sites include Shandong, Anhui, and two overseas bases in Vietnam and Malaysia. The 6-hectare project of Vietnam INTCO Thanh Hoa (Phase I), which began in June 2022, has been a steady source of growth. Its capacity utilization rate has improved quarterly, and the project's operational effectiveness has gradually emerged. In 2023, this base achieved an operating income of 142,026,100 yuan, a year-to-year increase of 411.25%.

In 2024, we are excited to announce the start of the construction of the second phase of the project. For more details, please refer to the "Announcement of INTCO Recycling Resources Co., Ltd. on Investing in the Construction of INTCO Recycling (Phase II) Project in Vietnam (Announcement No.: 2024-009)" disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn).

The company's "50,000 tons/year PET recycling project" in Malaysia

has formed three product lines of food-grade recycled particles, sheets, and high-end fiber-grade recycled particles. During the reporting period, the company's management team focused on promoting the building of a recycling system for bottles and bricks, lean improvement of manufacturing technology, laying of global marketing channels, and so on. The related products were mainly sold in North America and Europe, achieving a revenue of 260,705,700 yuan, an increase of 227.48% over the same period of last year, and the gross profit margin of products improved quarterly.



Figure-Company's production bases in Vietnam and Malaysia

(3) Raised funds to investment projects

During the reporting period, the company steadily promoted the construction of investment projects with funds raised from initial public offering (IPO) and regulated the use of raised funds in strict accordance with "The Regulation Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (revised in 2022)" and "Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies — Standardized Operation". For more details, please refer to "The Special Report of

INTCO Recycling Resources Co., Ltd. on the Deposit and Actual Use of Raised Funds" (Announcement No.: 2024-013) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn).

In June 2024, the "Comprehensive Utilization Project of New Modified Recycled Plastics with an Annual Output of 30,000 Tons" will reach the scheduled usable state. As of the disclosure date of this plan, the small-scale and pilot-scale debugging of the project target products have been completed.

II Adhere to the nature of science and technology and develop new quality productive forces

Scientific and technological innovation is the core driving force of the company's development and the foundation of the company as a listed company in SSE STAR Market. Adhering to the development keynote of innovation, with the help of its own business advantages, the company consolidates the innovation foundation and optimizes the R&D mechanism, and continues to deepen the whole industrial chain, making continuous breakthroughs in R&D and building an efficient and sustainable innovation ecology within the company.



Figure-The company's unique business model

In the field of plastic reducing, the company has innovated equipment structures such as "special crushing", "improving compression and conveying efficiency" and "surface cooling structure of molding bin", and the effective compression ratio can be as high as 50 times or more.

In the field of plastic recycling, the company has mastered the key technology of high-quality recycling of waste polystyrene foam, including high-efficiency filtration and impurity removal technology, elastomer toughening synergistic composite technology, preparation technology of molecular chain regulator and other key technologies, which effectively improved the mechanical properties and processability of recycled particles; Mastering the "high-quality recycling technology of food-grade PET", realizing the high-value application of 100% post-consumer plastic (PCR) from bottle to bottle, it has become one of the few leading enterprises in the world and has obtained the certification of US Food and Drug Administration (FDA), European Food Safety Agency (EFSA),

Global Recycling Standard (GRS), HALAL, Ocean Cycle and OEKO-TEX Standard100 eco-textile.

In 2023, the company invested 105,015,900 yuan in R&D expenses, a year-to-year increase of 15.76% ,and obtained 112 patents, including 13 invention patents, 94 utility model patents, 5 design patents, 2,357 software copyrights and others, with a total of 2,469 intellectual property rights.

In 2024, the company will invest no less than 4% of the annual revenue for R&D expenses, recruit outstanding talents, and focus on key technological breakthroughs in the resource recycling industry.

III Improve corporate governance and enhance risk control capabilities

(1) Implementing the reformation of the independent director system and strengthening the supervision mechanism

During the reporting period, the company actively responded to the reformation of the independent director system and acted quickly, and successively completed the establishment of a special meeting for independent directors and completed the revision of the following systems: "The Work System for Independent Directors", "The Rules of Procedure of the Board of Directors", "The Detailed Rules for the Implementation of the Audit Committee", "The Detailed Rules for the Implementation of the Remuneration and Assessment Committee", and "The Detailed Rules for the Implementation of the Nomination Committee".

In 2024, according to the newly revised "Company Law", "Measures for the Administration of Independent Directors of Listed Companies" and other laws and regulations, as well as the latest provisions of "The Company's Work System for Independent Directors" and "Articles of Association", the company will continue to improve the corporate governance structure, improve the standard operation level, give full play to the role of independent directors in decision-making, supervision and checks and balances, and professional consultation in the operation of the board of directors. As a service department communicating with the independent director, the office of the board of directors of the company prepares the materials needed for the meeting and the materials requested by the independent director in time and makes good information feedback. The management of the company reports the company's operation and major issues to independent directors in a timely manner through working groups, so as to give full play to the role of independent directors in corporate governance, promote the sustainable and standardized development of the company and protect the legitimate rights and interests of investors.

As a service department communicating with the independent director, the office of the board of directors of the company prepares the materials needed for the meeting and the materials requested by the independent director in time and provides good information feedback. The management

of the company reports the company's operation and major issues to independent directors in a timely manner through working groups, so as to give full play to the role of independent directors in corporate governance, promote the sustainable and standardized development of the company and protect the legitimate rights and interests of investors.

(2) Organizing the training of directors, supervisors, and senior managements

In 2024, the company will organize directors, supervisors and senior managements to actively participate in relevant training organized by the CSRC, Shanghai Stock Exchange, learned laws and regulations such as the "Company Law" and the "Securities Law". They are asked continuously to strengthen the awareness of self-discipline and compliance, and promote the company's continuous standardized operation.

(3) Lean management

In 2024, the company will continue to promote lean operations, enhance employees' ability to innovate and realize the common growth of enterprises and employees. We continue to carry out lean training camps and lean improvement week activities to help employees deeply understand the concept and method of lean production and master advanced production technology and management experience. Carrying out the Horse Racing incentive mechanism, the company takes the factory

operation index as the traction, realizes the cross-base horse racing of employees in the same department and position, and fully stimulates the organizational vitality.

IV Improve the quality of information disclosure and strengthen investor communication

During the reporting period, the company permanently attached great importance to information disclosure and strictly followed "The Rules Governing the Listing of SSE STAR Market" and "The Company's Information Disclosure Management System", earnestly fulfilled its information disclosure obligations, and truthfully, accurately, completely, normatively, timely and fully disclosed the company's periodic reports, temporary announcements, and other important information. The company has set up a unique email address for investor relations to communicate with investors. Moreover, we have maintained close communication with investors through the investor relations column on the official website and the SSE e-interactive platform. In addition, through new tools such as the WeChat official account and social media at home and abroad, the company displays relevant information on corporate culture, product quality, technological innovation, and social responsibility to investors from multiple perspectives and dimensions, further improving the transparency of the company's information, thus protecting the rights and

interests of minority shareholders.



In 2024, the company will hold no less than four performance briefing sessions/investor reception days, and at least three times to show investors the company's operation in an all-round way through short videos, a map reading, and other forms, and continue to strengthen communication with investors through announcements, investor exchange meetings, performance briefing sessions, on-site research, e-interactive Q&A, investor relations hotline and other forms. In addition, the company's WeChat account, "INTCO Recycling" will continue to deliver the latest information about the company on the basis of compliance, so as to create a more interesting company for investors.

V Improve investor returns and share the fruits of enterprise development

The company values sharing the achievements of enterprise development with shareholders, devotes itself to building a long-term and stable shareholder relationship, and attaches importance to responding to

investors' demands. In "The Articles of Association", the company clearly defines the cash dividend conditions and strictly implements them, fully considers the development stage, profit scale, and cash flow, and deploys a continuous and stable profit distribution policy based on balancing short-term interests and long-term development.

In the three years since its listing, the estimated cash dividend amount is 82,106,400 yuan, of which the profit distribution plan for 2023 is 0.15 yuan per share. As of December 31, 2023, the company's total share capital is 187,769,250, so the total cash dividend to be distributed is 28,165,387.5 yuan. This plan still needs to be submitted to the company in 2023.

On April 15, 2024, the 10th meeting of the 4th Board of Directors deliberated and adopted "The Proposal on the Company's Dividend Return Plan for the Next Three Years (2023 -2025)" and "The Proposal on Requesting the Shareholders' General Meeting to authorize the Board of Directors to formulate the Interim Dividend Plan". The company will maintain the dynamic balance between performance growth and shareholder returns, provide investors with continuous and stable cash dividends, bring investors long-term investment returns, and actively explore schemes such as multiple dividends a year and mid-term dividends to enhance investors' sense of value acquisition. We constantly cultivate new growth points, expand new business areas, improve enterprises' competitiveness and anti-risk ability, and ensure the healthy and

sustainable development of the company.

VI Strengthen the binding of management and shareholders' shared interests and the responsibility of the "key minority"

(1) Strengthen equity incentives and related constraints

The company launched the restricted stock incentive plan in 2022, which fully mobilized the enthusiasm of the company's employees, and effectively combined the interests of shareholders, the company, and individuals of the core team so that all parties concerned about the long-term development of the company and promoted the construction and stability of the company's core talent team, thus contributing to the company's long-term growth and safeguarding shareholders' rights and interests.

The above-mentioned appraisal indicators of the company's equity incentive plan are divided into two levels, performance appraisal at the company level and the individual level. According to the characteristics of the industry and its own business, the company selects the growth rate of net profit as the performance index at the company level. The net profit index is an effective index that reflects the profitability and growth of enterprises, which can establish a good image of the capital market. In addition to the performance appraisal at the company level, the company has also set up a strict performance appraisal for the motivated individuals,

which can make a more accurate and comprehensive evaluation of the work performance of the motivators. According to the performance evaluation results of the incentive object in the previous year, the company will determine whether the individual of the incentive object meets the conditions for lifting the sales restriction. For the company, the setting of performance appraisal indicators takes into account the interests of the incentive object, the company, and shareholders, which is conducive to attracting and retaining outstanding talents, improving the company's market competitiveness and sustainable development ability, thus achieving the company's phased development goals and medium-and long-term strategic planning. For the incentive object, the achievement of the performance appraisal goal is realizable and has a good incentive effect.

In 2024, the company will continue to improve the executive performance evaluation system linked to business indicators, strengthen the "key minority" responsibility, and use the OKR evaluation system and other tools to continuously optimize and implement the executive performance evaluation plan.

(2) The actual controller increases the company's shares

Mr. Liu Fangyi, the actual controller and chairman, based on his confidence in the company's future development and recognition of the long-term investment value, increased his holdings of 159,322 shares by centralized bidding through the trading system of Shanghai Stock

Exchange from March 14, 2024, to March 15, 2024, accounting for 0.085% of the company's total share capital, with a total increase of 4,000,453.84 yuan.

VII Implement the business philosophy of sustainable development and actively practice social responsibility

For INTCO Recycling, the ESG concept has been integrated into the company's long-term sustainable development strategy. Since its establishment, the company has always adhered to the "ESG" concept, actively practiced the values of "love, kindness and truth", and collaborated with stakeholders to continuously create sustainable social value.

The company has the ability to recycle about 150,000 tons of plastics every year, helping the world to reduce 300,000 tons of carbon emissions, save 450,000 tons of crude oil resources, and reduce the felling of about 3.4 million trees every year. Since its establishment, it has accumulated about 10,000 tons of carbon emissions, saved about 5.1 million tons of crude oil resources and reduced the felling of about 33 million trees. In 2023, the first "ESG Report was released in Chinese and English version, which was highly recognized and concerned by investors, customers, and suppliers at home and abroad.

In 2023, the company successfully obtained a Blue Loan of US\$ 70 million or the equivalent of RMB from the International Finance

Corporation (IFC), a member of the World Bank Group, which was specially used to expand the production capacity of Malaysia's r-PET production line and supplement the company's working capital. The loans mentioned above are the largest international development institution focusing on the private sector in emerging markets in the world, using green or social value to raise funds or various financial instruments aimed at sustainability.

Based on the company's outstanding ESG performance, the company has successively obtained the S&P Global ESG Score, which is above the score of 91% of enterprises in the chemical industry. We have been selected as Bloomberg ESG Score, the best and outstanding practice case of ESG of China Association of Listed Companies. Furthermore, we have been awarded A Class in Wind ESG Rating, won the "Golden Bull Science and Technology Award" in China Securities Journal, the global zero-carbon city practice pioneer award-Gold Award, Bloomberg Green ESG50 annual attention project, the Zhiyuan Award of Cailian Association-"Environmentally Friendly Pioneer Enterprise Award" and other heavyweight awards.

ESG RANKING



In 2024, the company will continue to publish the ESG report for investors at home and abroad to enhance investors' understanding of the company's long-term value and strengthen the company's reputation.

VIII. Other matters

In 2024, INTCO Recycling will take advantage of its full supply chain integration in plastic recycling to enlarge its "plastic family" by expanding its business horizontally to PE, PP etc. Driven by proactive innovation, INTCO Recycling will continue its advancement of plastic recycling technologies to become a global leader in resource recycling and contribute to sustainable development in the new global carbon economy!

The company will continue to evaluate the "Corporate Value and Return Enhancement Action Plan" and promptly fulfill its information disclosure obligations. The company will continue to focus on its main business and enhance its core competitiveness, profitability, and risk

management capabilities. Through good management, standardized corporate governance, and positive investor returns, we can effectively protect the interests of investors, earnestly fulfill the responsibilities and obligations of listed companies, repay investors' trust, maintain the company's good market image, and promote a stable and healthy development of the capital market. The plans and strategies, such as company's plans and development strategies mentioned in this report, are forward-looking statements that have not yet become facts and do not constitute a substantive commitment from the company to investors. Investors are advised to pay attention to the relevant risks.

INTCO Recycling Resources Co., Ltd.

Board of Directors

April 16 2024