

2023 | ESG

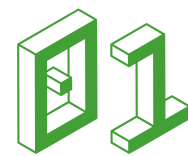
Environmental, Social and Governance Report



Shaping a Sustainable Future

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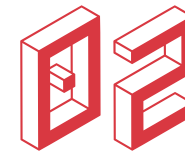
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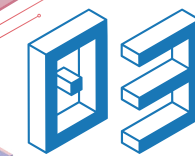
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About This Report

This is the second environmental, social, and governance (ESG) report issued by Kingfa Sci. & Tech. Co., Ltd. (hereinafter referred to as "the Company", "we" or "us"), intended to integrate the concept of sustainable development into corporate governance, and comprehensively present our ESG practice and related performance to our stakeholders.

Time Frame of the Report

This Report covers the period from January 1, 2023, to December 31, 2023 ("reporting period"), published on an annual basis. To increase the comparability and integrity of this Report, some content may be appropriately extended to previous and subsequent years.

Coverage of the Report

This Report, which focuses on the Company, covers all branches and subsidiaries of the Company (collectively referred to as "the Group" together with the Company). The key environmental performance indicators are mainly specific to the Company, its branches, and its subsidiaries in China. The key social performance indicators are mainly about the Company, all its branches, and subsidiaries at home and abroad.

Notes on Data of the Report

All data and cases cited herein derive from the official documents and statistical reports of the Company and its affiliates. Unless otherwise specified, all amounts hereunder shall be denominated in RMB.

Terms

Unless the context otherwise requires, the following words shall have the following meanings in this Report:

CSRC	means	China Securities Regulatory Commission
The Company	means	Kingfa Sci. & Tech. Co., Ltd.
Shanghai Kingfa	means	Shanghai Kingfa Sci.& Tech.Dvpt. Co., Ltd.
Jiangsu Kingfa	means	Jiangsu Kingfa Sci.&Tech. Advanced Materials Co., Ltd.
Tianjin Kingfa	means	Tianjin Kingfa Advanced Materials Co., Ltd.
Guangdong Kingfa	means	Guangdong Kingfa Sci.& Tech. Co., Ltd.
Wuhan Kingfa	means	Wuhan Kingfa Sci.& Tech. Co., Ltd.
Chengdu Kingfa	means	Chengdu Kingfa Sci.& Tech. Advanced Materials Co., Ltd.
Kingfa (USA)	means	Kingfa Science & technology (USA), INC.
Kingfa (Europe)	means	Kingfa Sci. & Tech. (Europe) GmbH.
Kingfa (India)	means	Kingfa Science & Technology (India) Limited
Kingfa Biomaterials	means	Zhuhai Kingfa Biomaterials Co., Ltd.
Specialty Engineering Plastics Company	means	Zhuhai Vanteque Specialty Engineering Plastics Co., Ltd.
Kingfa Carbon Fiber/Carbon Fiber Company	means	Guangzhou Kingfa Carbon Fiber Materials Development Co., Ltd.
Ningbo Kingfa	means	Ningbo Kingfa Advanced Materials Co., Ltd.
Liaoning Kingfa	means	Liaoning Kingfa Sci.& Tech. Co., Ltd.
National Industrial Innovation Center	means	National Industrial Innovation Center of Advanced Polymer Materials



Reference Standards

- GRI Standards
- Sustainability Accounting Standards Board (SASB) Standards
- UN Sustainable Development Goals (SDGs)
- *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* by the Chinese Academy of Social Sciences (CASS-ESG 5.0)
- *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*

Access to This Report

This Report may be accessed and downloaded on the official website of the Company (<https://www.kingfa.com.cn/>) and the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>). This Report is provided for readers in Chinese, English, and Japanese. In case of any discrepancies among the three versions or conflicts resulting from languages, the Chinese version shall prevail.

Qingyuan Meijin	means	Qingyuan Meijin Advanced Materials Sci. and Tech. Co., Ltd.
Jiangsu Kingfa Recycling	means	Jiangsu Kingfa Recycling Co., Ltd
PP	means	Polypropylene
PE	means	Polyethylene
PC	means	Polycarbonate
ABS	means	Acrylonitrile butadiene styrene
PS	means	Polystyrene
PBAT	means	Polybutylene adipate terephthalate
PLA	means	Polylactic acid
BDO	means	1,4-butanediol
LCP	means	Liquid crystal polymer
PA	means	Polyamide
PBS	means	Polybutadiene-styrene
PCR	means	Post-consumer recycled
COC	means	Cyclic olefin copolymer
PPE	means	Polyphenylene ether
Chinese Yuan	means	RMB
Reporting period	means	2023

To Stakeholders



“

In 2023, amid China's prosperity and stability, the diligent and devoted efforts of the people nationwide crafted a remarkable narrative of resilience, progress, and triumph over challenges that captured global attention. In the same year, KINGFA, unwavering in its belief that "confidence is more precious than gold," steadfastly propelled itself forward with technological innovation at its core. Leveraging the company's global supply chain, technological research and development (R&D), and integrated marketing platform, it delivered highly competitive advanced material solutions to clients worldwide. As a consequence, market share enjoyed consistent expansion, while operating income saw a continual rise.

”

This is a momentous endeavor, spearheading the market with unwavering determination. Through the implementation of "Overseas Forge Phase I," the company has accelerated its internationalization efforts, significantly igniting global localization in market development and service capabilities. In the modified materials sector, the company has enriched its product portfolio through iterative strategies in industry-specific innovative solutions, effectively bolstering market share. In the unmodified materials sector, the company has unified thought and action, strengthened organizational capabilities, clarified product positioning, innovated marketing models, and greatly enhanced market competitiveness.

This exemplifies the innovative force steadfast in bearing national missions and unwavering dedication to advancing China. The company demonstrates resolute determination towards fostering innovative capabilities, continuously shaping novel momentum in aggregation. With the development of proprietary 5T-6T processing technology, the company has attracted industry elites, including doctoral experts, fostering the cultivation of original capacities. By fortifying four national-level innovation platforms, the company has achieved numerous successes in national project applications, garnering acclaim for its prowess in technological innovation. Leveraging the core advantage of 30 years of polymer material application expertise at KINGFA, the company fearlessly explores novel pathways in petrochemical and modification integration, steadfastly advancing on the journey of technological innovation.

This epitomizes the refinement in management, anchoring the operational prowess of the company's rear echelon. Through bold reforms and vertical integration strategies, the company has significantly enhanced its supply chain security capabilities. The Human Resources Center has initiated overseas talent strategies and global employer branding efforts, attracting 40 doctoral experts to solidify the internationalized talent pool of high potential and caliber. Leveraging an international training system to cultivate a globally adept talent pipeline, the company deployed over 50 elite professionals abroad in 2023 for strategic operations. A comprehensive assessment and implementation of talent leadership within the group, coupled with the stable operation of the "271" cadre rotation mechanism, further propelled the elevation of high-quality talent management to new heights. The successful launch and operation of the group's first digital factory not only elevates KINGFA's intelligent manufacturing capabilities but also signifies a steadfast stride into the realm of private-sector intelligent manufacturing.

This exemplifies the sustainable development force driving towards a low-carbon, energy-efficient, and green circular economy. This exemplifies the sustainable development force driving towards a low-carbon, energy-efficient, and green circular economy. The company embraces the mission of achieving green, low-carbon, and circular development, spearheading innovative practices across environmental protection and resource conservation domains. By prioritizing green design for key products, advancing circular development initiatives, intensifying resource integration, and promoting coordinated disposal of urban waste, the company constructs a resource-circular industrial ecosystem, elevating resource utilization efficiency and shaping a harmonious and beautiful new way of life. These

actions underscore the firm's steadfast commitment to sustainable development, showcasing the Company's accountability and accomplishment environmental protection and social responsibilities as a leader within the advance materials industry.

The illustrious three-decade journey of KINGFA epitomizes the collective wisdom and perseverance of countless individuals dedicated to the company's cause. Amid the currents of the new era, employees of KINGFA have fervently pursued innovation and fearlessly ventured forth, together forging an unstoppable force. This has rendered the ethos of "loyalty, responsibility, diligence, and innovation" even more vibrant, while propelling the spirit of "new horizons, grand development" to loftier heights, thereby outlining a grand developmental blueprint for the company. In 2024, it is imperative to narrate the compelling story of KINGFA's cultural heritage and uphold the entrepreneurial spirit ingrained within its founders. The future trajectory of the company hinges significantly on the cultivation and dissemination of its corporate culture. Efforts must be directed towards unearthing the profound essence of KINGFA's cultural heritage, constructing a distinctive cultural framework, and amplifying international outreach initiatives to continuously elevate the brand image and industry influence. By reinforcing a globally unified ethos underpinned by KINGFA's cultural values, a formidable sense of employee cohesion is fostered, thereby sculpting an unparalleled competitive edge for the company. Endeavors are earnestly dedicated to infusing new vitality into China's private enterprises, endowing them with profound practical significance on a deeper level.

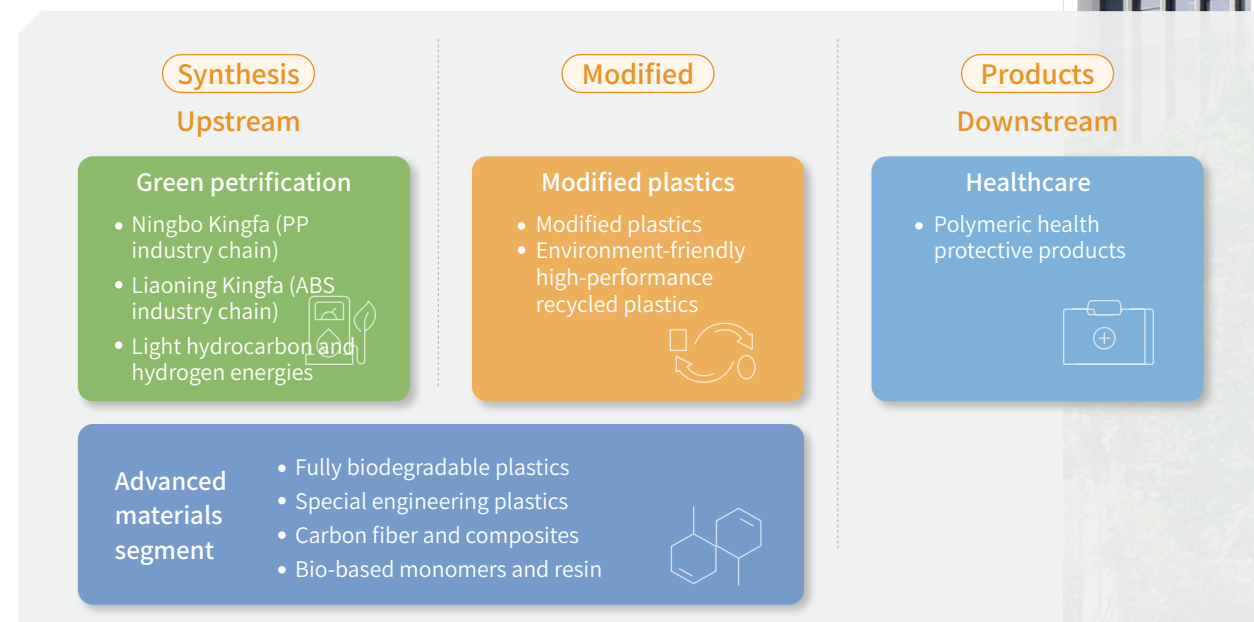
Former Chairman of KINGFA

About Us

| Company Profile

Founded in 1993 and headquartered in Guangzhou Science City, Kingfa Sci. & Tech. Co., Ltd. ("the Company, "we" or "us") "is an advanced materials enterprise focusing on the R&D, production, sales, and services of new high-performance materials, and providing advanced material solutions for creating safer, more comfortable, and more convenient life. Over 30 years of substantial development, the Company has established 60 subsidiaries, and founded R&D and production bases abroad in South Asia, North America, Europe and so on. In 2004, the Company (Stock Code: 600143) was listed on the Main Board of Shanghai Stock Exchange.

As the world's leading enterprise in new chemical materials, the Company remains committed to solving global environmental problems, promoting the continuous improvement of living environment and achieving sustainable development. Our products mainly rely on independent innovations and development, covering nine categories, namely modified plastics, environment-friendly high-performance recycled plastics, fully biodegradable plastics, special engineering plastics, carbon fiber and composite materials, light hydrocarbon and hydrogen energies, polypropylene resins, and healthcare polymers, which are widely used in the industries of automobiles, household appliances, electronic and electrical components, communication electronics, new infrastructure, new energies, modern agriculture, modern logistics, rail transit, aerospace, high-end equipment, healthcare and so on. We have established strategic partnerships with numerous well-known enterprises around the world. With satisfactory environment-friendliness and excellent performance, our products are exported to more than 130 countries and regions around the world, and we provide services for more than 1,000 world-renowned enterprises.



Relationship Diagram of Our Four Major Sectors and Main Products

Global Layout



Development Strategy

In line with China's "Belt and Road" initiative and dual circulation in domestic and overseas markets, the Company adheres to the strategic thinking of "strengthening the middle, consolidating both ends, being innovation-oriented, and achieving leap-forward development", and strives to build a world-class R&D, marketing, manufacturing, and information platform to become a global leader in advanced materials, providing support for national strategic materials.

Business development strategy

Strengthening the middle

The Company will continue to expand and empower the polymer business, which will be further developed in an all-round manner.

Consolidating both ends

Give full play to the supporting role and risk tolerance of the polymer business, to guide the healthy development of upstream and downstream business sectors, and promote the synergy of the entire industrial chain.

Focus on high-quality sustainable development

Being innovation-driven

Coordinate and lead organizational optimization, technological innovation, marketing innovation, and operational innovation.

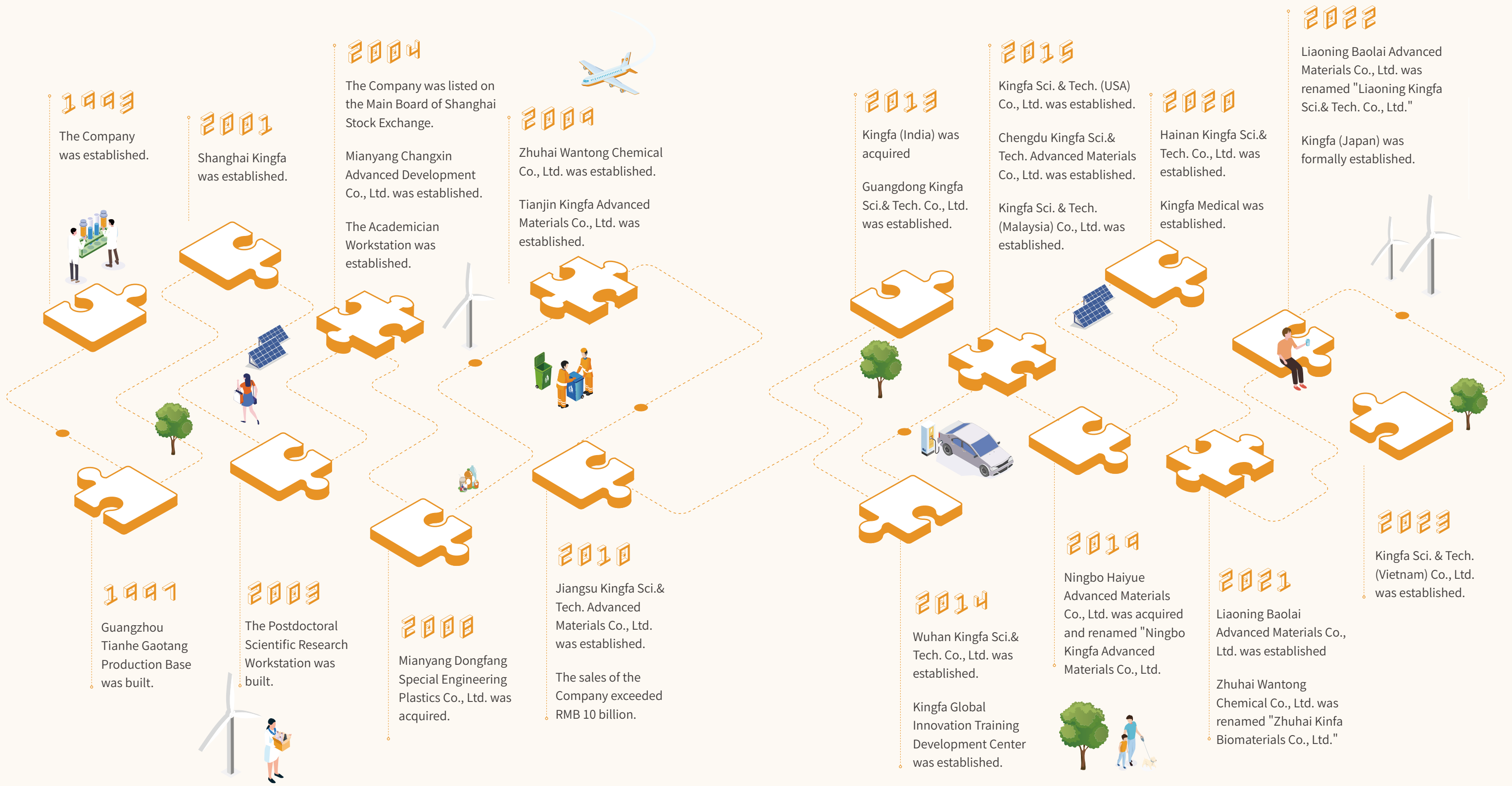
Core objectives of business development

Leapfrog development

With our focus on the grand output goal of one hundred billion, we will coordinate our four major business sectors of modified plastics, advanced materials, green petrochemicals, and healthcare for sustainable and high-quality development.

Strategic Development Policy

Development History



| Honorary Certificates

Ranked 300 among China's Top 500 Private Enterprises in 2023

Ranked 205 among Private Manufacturers in China in 2023

Nationwide Case of Green, Low-Carbon, and Circular Development in the Renewable Resources Industry

Awarding by the Chairman of the Recycled Materials Branch, CAPRO

Ranked 37 among the Top 100 Private Enterprises in Guangdong Province in 2023

Ranked 21 among the Top 100 Private Manufacturers in Guangdong Province in 2023

Excellent Plastic Recycling Enterprise

Special, Refined, Unique and Novel "Little Giant" Enterprise

Lingxuan Award Foresight Gold Medal

Guangdong Provincial Intellectual Property Demonstration Enterprise

Official Supplier of Personal Protective Equipment for the 19th Asian Games Hangzhou 2022

Public Service Demonstration Platform for Small and Medium-sized Enterprises in the Light Industry

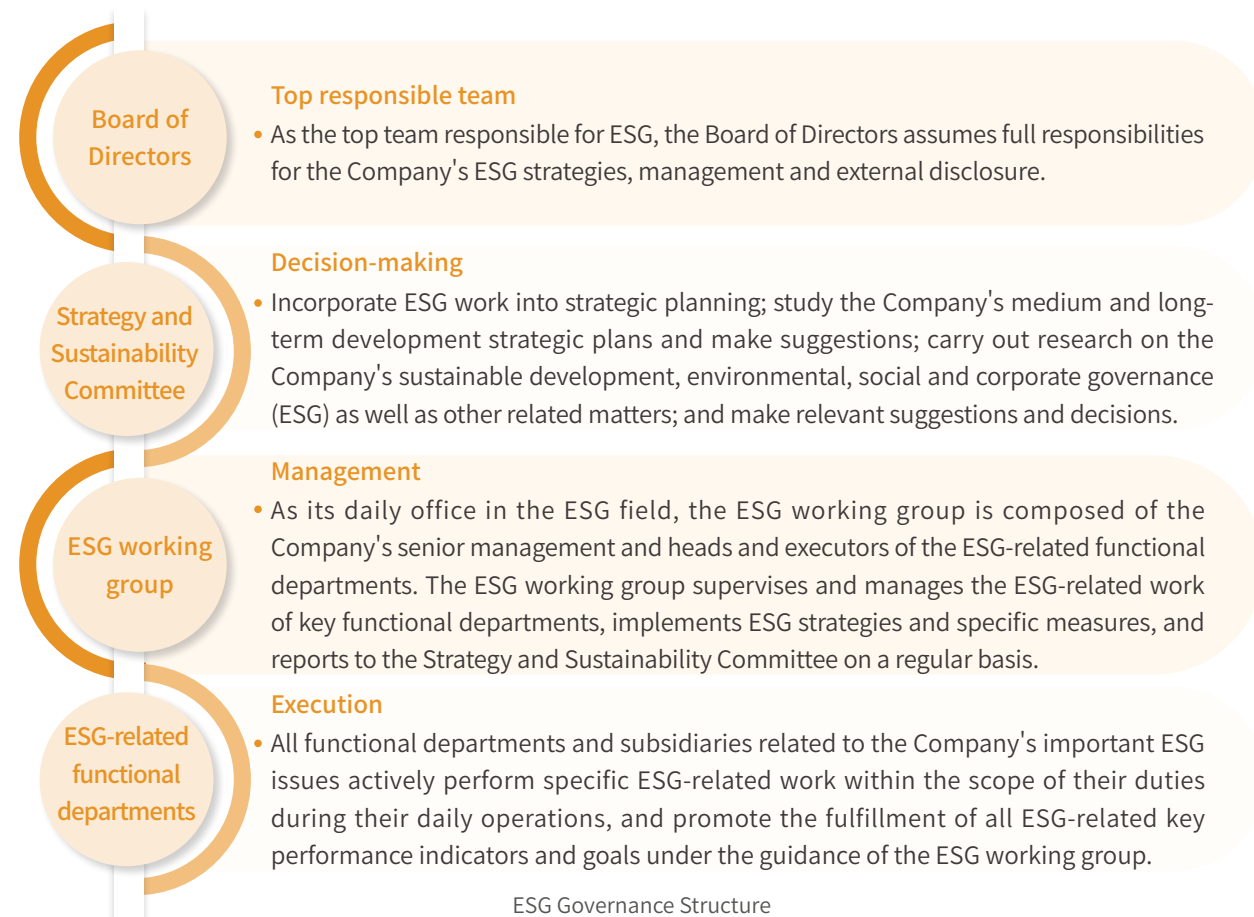
Five-star Guangzhou Charity Unit

Note: The honorary certificates listed above were obtained by the Company, our branches or subsidiaries in 2023.

Our Sustainability Management

| ESG Management System

For the purpose of strategic development, the Company has built an ESG governance structure suitable for its own business attributes and management model, created an ESG governance structure at four levels (i.e. the Board of Directors, Strategy and Sustainability Committee, ESG working group, and ESG-related functional departments), and appointed special ESG functional personnel to manage its ESG matters. The ESG structure, which clearly specifies the division of labor, rights, and responsibilities at all levels, manages the internal ESG work by a top-down approach to promote the Company's sustainable development and enhance the Company's competitiveness.



Key resolutions

- In April 2023, the Company held the 19th meeting of the seventh Board of Directors, approved the "Proposal on Renaming the Strategy Committee of the Board of Directors" after deliberation, renamed the "Strategy Committee" as the "Strategy and Sustainability Committee", and added the ESG related decision-making functions the original responsibilities.
- In June 2023, the Company held the twentieth (extraordinary) meeting of the seventh Board of Directors, at which the 2022 Environmental, Social, and Governance Report was approved after deliberation.

| Stakeholder Communication

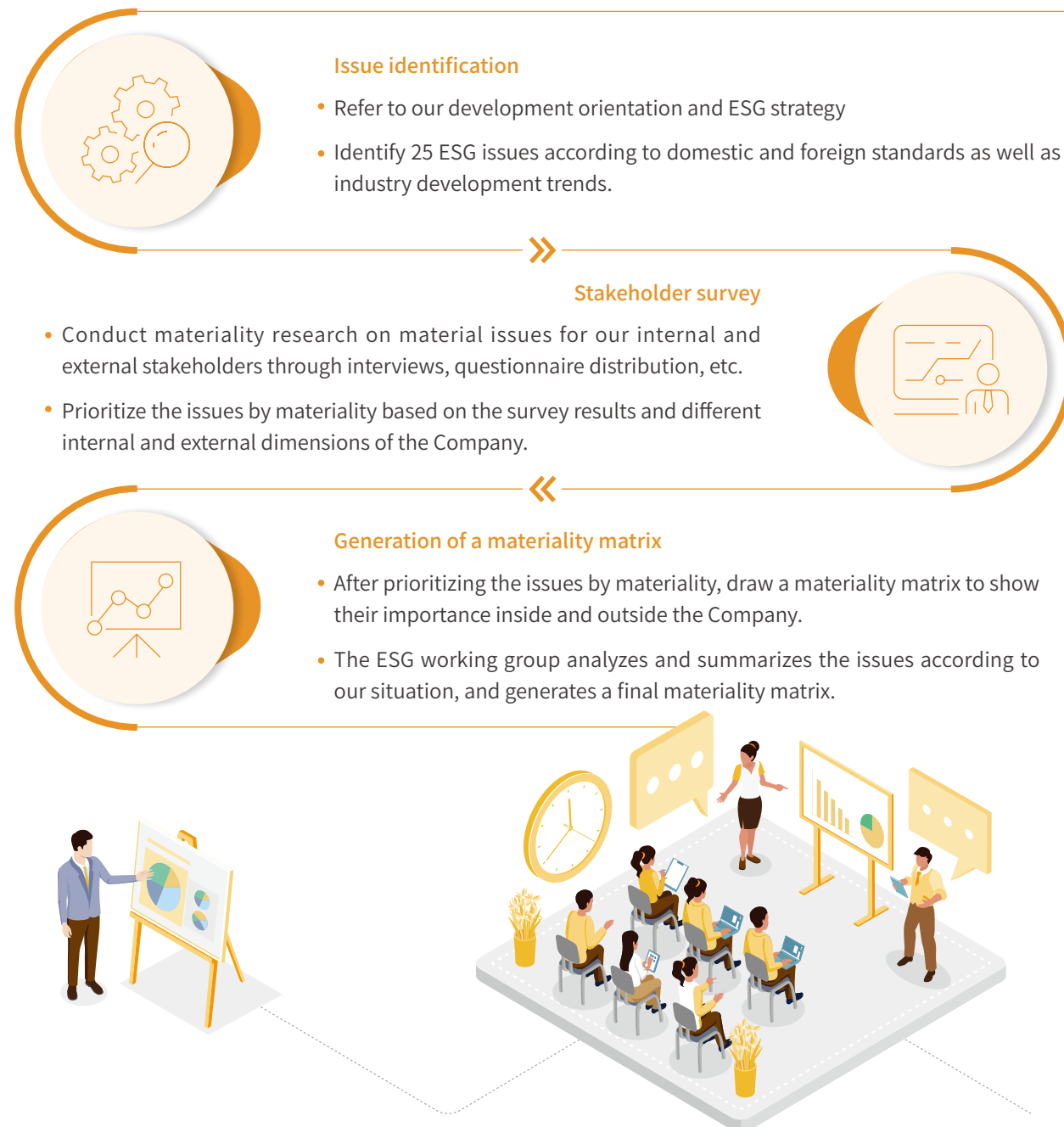
The Company attaches importance to the stakeholders' participation in ESG, actively carries out communications with the stakeholders, understands the stakeholders' expectations and demands through different communication channels, and practically performs responsibilities for joint development, mutual benefit, and win-win.



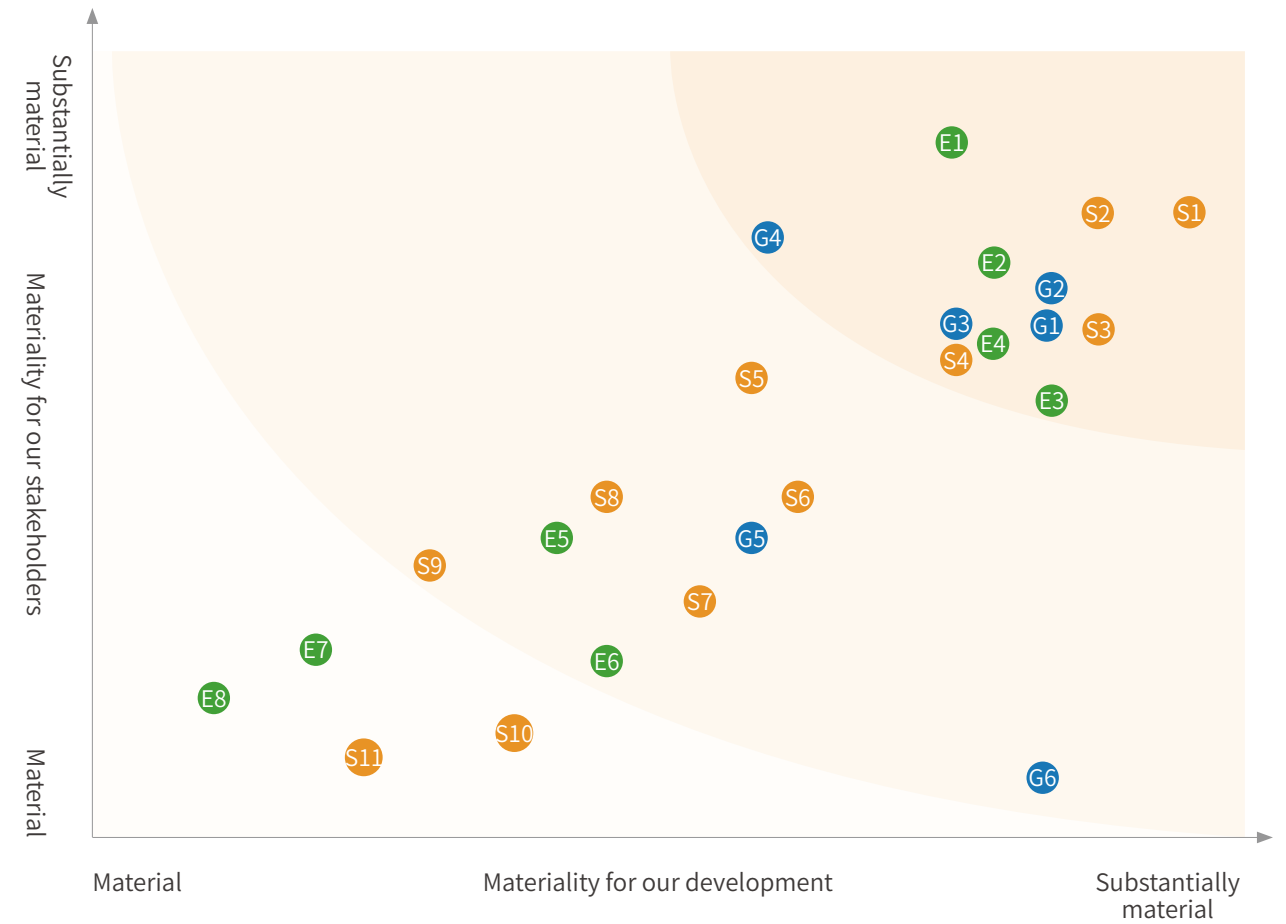
Identification of Material Issues

Based on our sustainable development strategies and in combination with our stakeholders' needs and expectations in normalized communications, we have identified 25 material ESG issues with reference to relevant domestic and foreign standards, macroeconomic policies and industry trends, etc. During the reporting period, we evaluated material issues, and carried out our work based on the sequence of "issue identification - stakeholder survey - generation of a materiality matrix", to understand the extent to which the stakeholders attach importance to each issue, and to clarify the responsibilities at the execution level, to continuously improve our ESG management.

Work Procedure for Material Issues



Materiality Matrix



Environmental issues

- E1 Circular economy
- E2 Chemical safety
- E3 Energy management
- E4 Green products and designs
- E5 Waste management
- E6 Addressing climate changes
- E7 Biodiversity and ecological protection
- E8 Conservation of water resources

Social issues

- S1 Technological innovations
- S2 Product quality and safety
- S3 Customer services
- S4 Sustainable supply chain
- S5 Occupational health and safety
- S6 Responsible business and marketing
- S7 Employee development and training
- S8 Employment, employee rights and interests
- S9 Facilitation of the industry development
- S10 Social development and public welfare
- S11 Equality, inclusion and diversity

Governance issues

- G1 Intellectual property protection
- G2 Risk management
- G3 Business ethics
- G4 Data security
- G5 Transparent disclosure

G6 Operation by the Board of Directors, the Board of Supervisors, and the general shareholders' meetings

Units Responsible for Material Issues



Units responsible for material issues	Marketing Center	Technology Center	Supply Chain Centre/ Purchasing Department	Strategic Development Department	Offices	Process Equipment Department	Project Department	HR Department	Securities Department
Environmental (E)	E1: Circular economy	●	■						
	E2: Chemical safety	●			■				
	E3: Energy management				●	■			
	E4: Green products and designs	■	▲						
	E5: Waste management	●	■		■				
	E6: Addressing climate changes	●	▲		■	●			
	E7: Biodiversity and ecological protection					●			
	E8: Conservation of water resources					●	■		
Social (S)	S1: Technological innovations		■		●		▲		
	S2: Product quality and safety		●	▲					
	S3: Customer services	■	●						
	S4: Sustainable supply chain		●	■		▲	▲		
	S5: Occupational health and safety					■			
	S6: Responsible business and marketing	■							
	S7: Employee development and training	▲	▲	▲	▲	▲	▲	▲	■
	S8: Employment, employee rights and interests							■	
	S9: Facilitation of the industry development	■	●	▲	●				●
	S10: Social development and public welfare					■			
	S11: Equality, inclusion and diversity							■	
Governance (G)	G1: Intellectual property protection		■						
	G2: Risk management		●	▲					
	G3: Business ethics			▲		●			
	G4: Data security	●	■						
	G5: Transparent disclosure								■
	G6: Operation by the Board of Directors, the Board of Supervisors, and the general shareholders' meetings								■

■ indicates "responsible for" or "heavily involved in" ● indicates "responsible for specific parts thereof" ▲ indicates "participation" or "support"



Units responsible for material issues	Legal Audit Department	Quality	Standardization Office	Information Center	IP Office	Kingfa Environmental	Kingfa Biomaterials	Petrifaction segment Bases	Other subsidiaries and bases
Environmental (E)	E1: Circular economy					■		●	
	E2: Chemical safety					●	●	●	●
	E3: Energy management					●	●	●	●
	E4: Green products and designs					●	■	●	●
	E5: Waste management					●	●	●	●
	E6: Addressing climate changes					●	●	▲	●
	E7: Biodiversity and ecological protection					▲	▲		▲
	E8: Conservation of water resources					●	●	●	●
Social (S)	S1: Technological innovations					●	●	●	●
	S2: Product quality and safety		■	●				●	
	S3: Customer services		●		▲			●	●
	S4: Sustainable supply chain		▲					●	
	S5: Occupational health and safety			●		●	●	●	●
	S6: Responsible business and marketing							●	
	S7: Employee development and training	▲	▲	▲	▲		●	●	●
	S8: Employment, employee rights and interests						●	●	●
	S9: Facilitation of the industry development						▲	▲	●
	S10: Social development and public welfare						●	●	●
	S11: Equality, inclusion and diversity						●	●	●
Governance (G)	G1: Intellectual property protection				■	▲	▲	▲	▲
	G2: Risk management	■				▲	▲	▲	▲
	G3: Business ethics	■				▲	▲	▲	▲
	G4: Data security				■			▲	
	G5: Transparent disclosure								
	G6: Operation by the Board of Directors, the Board of Supervisors, and the general shareholders' meetings								



| Contributions to UN Sustainable Development Goals

SDG 1: No poverty

- The Company actively participates in the national rural revitalization work, supports and makes donations to public utilities such as health care, firefighting, and education in various forms while serving and giving back to the public.

SDG 3: Good health and well-being

- We enhance our employees' safety awareness and create a safe healthy working environment.

SDG 4: High-quality education

- The Company is committed to improving the employees' skills and knowledge through continuous internal and external training, to provide tailor-made training opportunities for the employees at different stages to achieve self-enhancement.
- Adhering to the concept of rejuvenating the country through education, the Company supports the development of education through donation activities. In combination with our businesses, we output knowledge through popular science activities to guide minors to foster their awareness of science.

SDG 5: Gender equality

- The Company actively develops and adheres to diverse and inclusive cultural concepts, pays special attention to the protection and improvement of the female employees' rights and interests, emphasizes equality between men and women, ensures that the female employees' rights and interests are fully protected at work, and prevent any forms of infringement and discrimination.

SDG 6: Clean water and sanitation

- We continuously strengthen our management and conservation of water resources, which not only helps us reduce our operating costs and improve our economic benefits, but also makes us less reliant upon natural water resources, eases our pressure on water resources, and maintains ecological balance.

SDG 7: Affordable and clean energy

- The Company annually sets the overall energy efficiency target, requires all its plants to set corresponding targets according to their production and operation situation, continuously tracks the achievement of the targets and increases the energy utilization efficiency during our production and operations.
- The Company regularly carries out energy-saving renovation of workshops, and significantly reduces energy consumption and greenhouse gas emissions through coordinated optimization of management and technologies.

SDG 8: Decent work and economic growth

- We adopt a salary structure that integrates base salary and variable pay, with a view to establishing a salary incentive system that not only reflects internal fairness but also demonstrates external competitiveness for our employees.
- We award shares to our core employees and internally implement a target responsibility system for our posts, which stimulates our employees' autonomy and creativity, keeps their goals in line with our goals, and allows our employees to make and share development achievements with us.



SDG 17: Partnerships for goal achievement

- We actively participate in exchanges, exhibitions and other activities related to materials and sustainable development, and realize the coordinated development of the industry through intuitive and high-quality exchanges.
- The Company attaches great importance to improving the suppliers' capabilities and is committed to coordinated development with suppliers. We maintain close communications and exchanges with our suppliers by holding supplier conferences, conducting supplier training, and implementing supplier support projects to achieve mutual benefits and win-win.

SDG 16: Peace, justice, and strong institutions

- The Company improves its governance capacity and risk management to ensure its long-term development and maximization of its interests. We strictly implement internal control and risk management to ensure our steady development.

SDG 13: Climate action

- The Company achieves the goal of carbon neutrality by reducing carbon emissions, improving energy efficiency, and promoting clean energies. We optimize the energy structure and make our products greener by introducing more environmentally friendly energy-saving production processes and technologies, in an attempt to reduce our carbon emissions and make contributions to the global response to climate change.

SDG 12: Responsible consumption and production

- The Company consistently guarantees product safety, strictly controls the use of hazardous substances in products, and establishes a safety assessment mechanism for hazardous substances to ensure that the production process complies with regulatory requirements and delivers products and services up to high standards.

SDG 11: Sustainable cities and communities

- We promote collaborative disposal of urban wastes, propose an integrated comprehensive overall solution of "making the best use of plastics", supply environmentally friendly high-performance recycled plastics, and accelerate green lowcarbon transformation of the entire plastic industry chain.

SDG 10: Reduced inequalities

- The Company upholds equality and inclusion, and resolutely opposes any form of discrimination. We are committed to building a diversified and harmonious workplace environment to ensure that all employees are respected and accepted.

SDG 9: Industry, innovation, and infrastructure

- The Company has continuously developed the world's leading technology R&D platform, created an R&D system known as "13551", improved its independent R&D capabilities, and developed new green renewable products to lead the industry's technological upgrading.

| Sustainability Honors

The Company vigorously promotes ESG work. While developing our principal businesses, we advocate the concept of recycling and renewal, focus on recycling plastic wastes, reduce their pollution, gain recognition and honor from the outside, and encourage ourselves to advance bravely.

GoldenKey. SDG Forerunner
China Sustainability Tribune

Excellent Case of "Beat Plastic Pollution"
APP China Environment News

Class 1 Work on Excellent Practice Case of "Governance of Plastic Pollution" in 2023
China Development and Reform News

Enterprises with standardization outcomes
China Resource Recycling Association

Industry Leader
China National Resources Recycling Association

Excellent ESG Case among Listed Companies in 2023
China Association for Public Companies

Aona Award - 2023 Low-Carbon Business Pioneer
Organizing Committee of the Social Responsibility Conference

Shanghai Kingfa - Silver Medal
Kingfa (Europe) - Silver Medal
Kingfa (India) - Silver Medal
Jiangsu Kingfa - Bronze Medal

"Annual Concerned Enterprise" on the ESG50 List
Bloomberg Green

Topic | Circular Economy Shaping New Wonderful Lives

Intensively implementing the strategic development plan for circular economy in the "14th Five-year Plan", we actively assume social responsibilities. As a leading enterprise in the advanced materials industry, the Company has maintained the original aspiration for creating a wonderful world and remained committed to coordinating "the plastics, the mankind, and the earth". By promoting green designs of key products, promoting circular development, strengthening comprehensive utilization of resources, and promoting coordinated disposal of urban wastes, the Company has established an industrial resource recycling system, to increase resource utilization efficiency and create a beautiful new life.



Green Designs of Key Products

The Company actively responds to customer requirements for environment-friendliness according to the national strategic plan for carbon peaking and neutrality. We constantly make innovations in our product designs, in an attempt to promote the green designs of key products and facilitate the sustainable development of products through innovative technical solutions and selection of environmentally friendly raw materials.

Low-carbon improvement of modified nylon engineering plastics

Low-carbon technologies

- **Lightweight technology:** Promote the iterative upgrading of technologies, including steel replacement steel by plastics, high performance, low density, microcellular foaming and thin wall.
- **Long useful life:** Reduce carbon emissions by prolonging the useful life of materials and reducing material consumption.
- **Carbon reduction in the production process:** Improve the production stability and product performance; increase the production capacity and rate of conforming products; and upgrade equipment for low energy consumption.

Low-carbon raw materials

- Bio-based materials
- PCR materials
- PIR materials

Low-carbon nylon

- PCR nitrogen-based flame-retardant nylon, PCR reinforced nylon, PRC red phosphorus-based flame-retardant nylon, PCR brominated flame-retardant nylon, reinforced bio-based high-temperature nylon, organic phosphorus flame-retardant bio-based high-temperature nylon, and brominated flame-retardant bio-based high-temperature nylon, etc.



Strategic goals

By 2030, the Company will produce

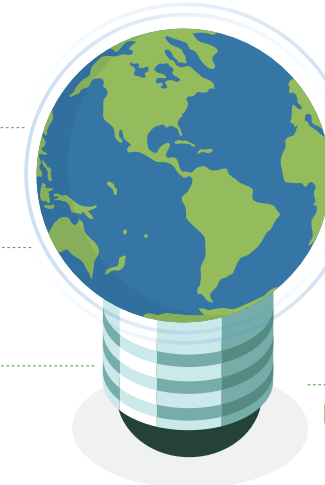
1 million tons of green plastics

recycle

1 million tons of waste plastics

and manufacture

1 million tons of recycled plastics.



Progress in 2023

In 2023, the Company produced

0.2192 million tons of green plastics

recycled

0.218 million tons of waste plastics

and manufactured

0.2802 million tons of recycled plastics.

The Company has developed a variety of special engineering plastics, including special polyamide - Vicnyl® HTPA (which may be applied in LED reflection brackets, electronic connectors, automotive wiring harness sheaths, water purifiers(water filters). We have successfully developed low-carbon products, among which Vicnyl® PA10T contains a biochar of 40-60 wt%, rated two stars in terms of the bio-based certification. The carbon emissions of the new-generation bio-based polyamide material - Vicnyl® PA5T/X are 20% lower than those of PA6T of the same specification. Besides, we actively perform low-carbon deployment, develop bio-based LCs, bio-based polyamides with long carbon chains, bio-based polyamide elastomers, etc., and promote green product designs in subfields.

The Company actively explores bioplastics¹ and constantly develops new products. We have developed a variety of new products, including PBS, PBAT, and PLA, which have satisfied the multi-faceted market demand, contributed to a substantial increase in our market share, and consolidated our leading position in the industry. The company also conducts forward-looking research, plans technical research and industrialized construction on bio-based monomers and materials, and promotes the extension of the industrial chain.

Our active R&D of bio-based materials may avoid or reduce the use of fossil resources, thereby reducing our dependence on fossil resources and carbon emissions. Compared with fossil-based BDO, bio-based BDO reduces the carbon footprint by more than 40%, and will be put into production in 2024. Compared with the fossil-based PBT, the bio-based PBT demonstrates a decrease of about 25% in the carbon footprint, and will be launched in 2024.



Biodegradable Materials of the Company

¹Bioplastics refer to not only plastics made of non-food-derived bio-based materials, but also non-food-derived bio-based plastics that can be fully degraded into harmless substances over a short period of time under natural conditions or composting conditions to feed back the ecosystem. At present, fully biodegradable plastics are globally regarded useful means for responding to plastic pollution, especially the pollution of disposable plastic wastes such as straws, lunch boxes and bags.

| Biodegradable products of Kingfa Medical

Isolation gown

Product materia: Polybutylene adipate terephthalate + polylactic acid
Biodegradation rate: The degradation rate is 94% over 90 days, and the biodegradation rate is up to 98% over 120 days.



Protective clothing

Product material: Polybutylene adipate terephthalate + polylactic acid
Biodegradation rate: The degradation rate is 86.3% over 90 days, and the biodegradation rate is up to 90.7% over 120 days.



Shoe covers

Product material: Polybutylene adipate terephthalate + polylactic acid
Biodegradation rate: The degradation rate is 94% over 90 days, and the biodegradation rate is up to 98% over 120 days.



Caps

Product material: Polybutylene adipate terephthalate + polylactic acid
Biodegradation rate: The degradation rate is 94% over 90 days, and the biodegradation rate is up to 98% over 120 days.



Isolation gown

Product material: Polylactic acid
Biodegradation rate: The degradation rate is 96% over 90 days, and the biodegradation rate is up to 98% over 120 days.



Shoe covers

Product material: Polylactic acid
Biodegradation rate: The degradation rate is 94% over 90 days, and the biodegradation rate is up to 98% over 120 days.



Caps

Product material: Polylactic acid
Biodegradation rate: The degradation rate is 94% over 90 days, and the biodegradation rate is up to 98% over 120 days.



Masks

Product material: Polybutylene adipate terephthalate + polylactic acid
Biodegradation rate: The biodegradation rate is up to 97.5% over 180 days.



Gloves

Product material: Nitrile rubber
Biodegradation rate: The degradation rate of compost is 26.09% over 225 days.



In terms of recycled plastics certification, the Company has obtained TÜV Rheinland's world's first certificate for Ocean Bound Plastic (OBP) Recycled Content, UL2809 Certificate for Recycled Plastic Content, and Global Recycled Standard (GRS) Certification, etc. As of the end of the reporting period, we had been issued 60 certificates for Ocean Bound Plastic (OBP) Recycled Content, 102 certificates for PCR content, 8 certificates for chemically recycled plastics, 1 certificate for pre-consumer recycled plastic content, and 2 certificates for bio-based recycled plastic content. The Company has provided products and services for thousands of internationally renowned enterprises in more than 130 countries and regions around the world. Our environmentally friendly high-performance recycled plastic products are widely used in many industries.

Promotion of Circular Development

Promoting circular development is an important path for building a sustainable development model, realizing a green economy, and facilitating efficient utilization of resources. We realize industrial upgrading and transformation, reduce our reliance on natural resources, decrease environmental pollution, and promote green, low-carbon, and circular development of the social economy by promoting resource recycling and research on recycling technologies.



Case Recycling and reuse of internal materials

Kingfa Carbon Fiber continuously optimizes the use of materials in the internal transfer process, increases the value of recycling materials, promotes the reuse of resources, and cuts production costs.



Replacing paper tubes with prepreg PP tubes

- Previously, the paper tubes could not be reused once damaged, but the alternative PP tubes demonstrate far higher strength. Without being affected by the environment, they may be recycled more than 5 times.

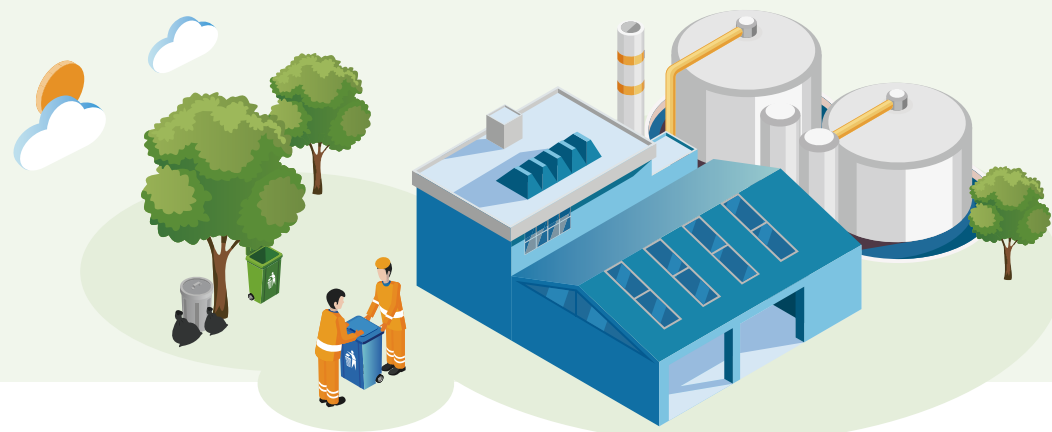
Recycling of waste ton bags

- Used for collecting waste tubes and yarn in process, they are transported back to the production lines for recycling after use by the waste disposal companies.

Turnover of platform boards

- The platform boards for internal turnover and carrying are mainly replaced by iron ones, for repeated use.

Recycling of Carbon Fiber Materials by the Company



Case

Cooperative promotion of recyclable pallets



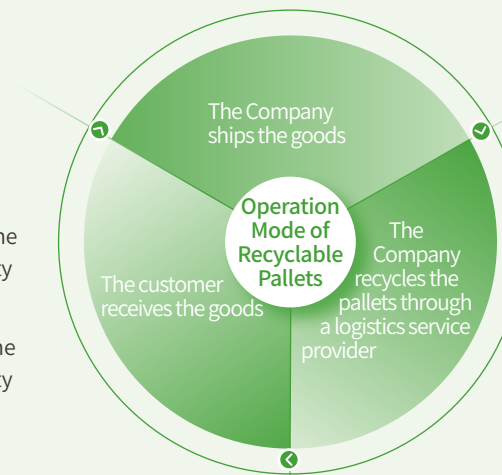
The Company focuses on the recycling of resources, actively promotes the use of recyclable pallets, eliminates disposable wooden pallets, and reduces waste production while cutting costs, in an attempt to create an efficient, expedient, and environmentally friendly supply chain system with customers, to respond to the national environmental protection policies and achieve sustainable development. As of the end of the reporting period, the company had cumulatively cooperated with more than ten customers on recyclable pallets. Each recyclable pallet was used 9.69 times on average, and the use of wooden pallets was reduced by 19,385.



Wooden Pallets VS. Recyclable Pallets

- The Company loads the goods according to the shipment plan, count the number of recyclable pallets shipped with the products according to the palletization quantity and ensure that the goods are delivered to the customers with pallets up to pertinent quality standards.

- When receiving the goods, the customer shall confirm the quantity and the pallet damages on site, and report the nonconformity with the quality standards to the Company.
- After using the products up, the customer shall stack the empty pallets in order before the Company's logistics vehicles arrive on site for recycling as scheduled.



- The Company's logistics service provider regularly recycles pallets from the customer's premise, and confirms the quantity on site. The pallets recycled will be used for the next shipment.

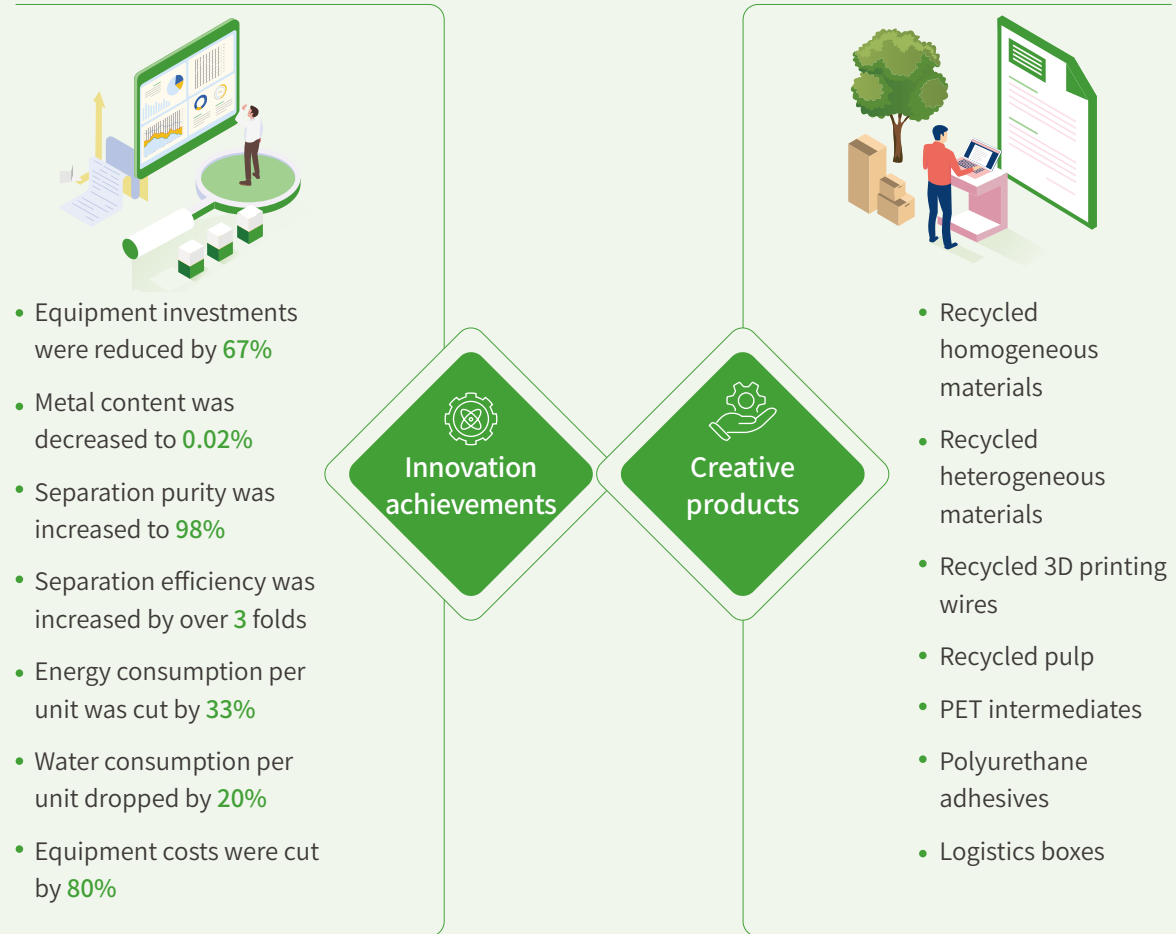
Significance of Recyclable Pallets

- Improve the overall quality of pallets, and reduce the probability of damages, broken packages, and cargo damages
- Improve the appearance and brand image of products
- Enhance weather resistance, impact resistance and carrying capacity
- Recycle resources to support realization of carbon peak and carbon neutrality
- Replace the disposable pallets, which are more environment-friendly and economical.
- Optimize the industrial supply chain to achieve upstream and downstream cost reduction and efficiency increase

Case Research on a national key recycling program



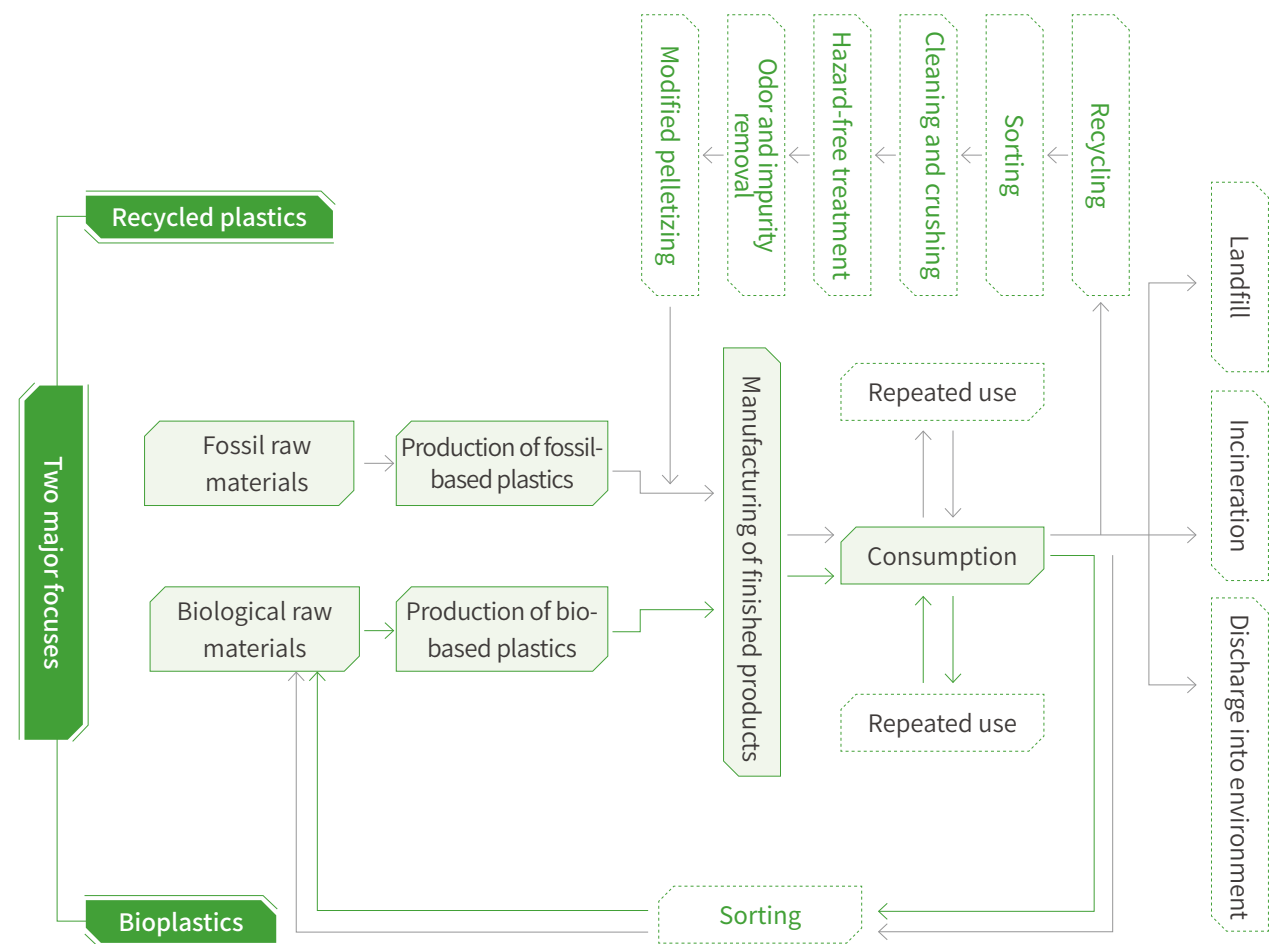
In 2023, the national key research and development program titled "Green Recycling and High-quality Utilization Technology and Demonstration of Waste Plastic Packages Based on Structure-activity Relationships" that the Company participated in was completed and is undergoing acceptance inspection. In this program, the Company undertook research on the "development and application of smart identification/selection equipment and green cleaning process for mixed waste plastic packages", where the Company revealed the structure-activity relationships of the mixed waste plastics under the coupling effects of multiple external fields, made breakthroughs in the structure-oriented machine vision-based identification and precise sorting technologies, increased the identification and selection rate of homogeneous materials, shortened the post-disposal procedures, and reduced the recycling load. We studied the models of interactions between mixed waste plastics and pollutants, the separation model, and speed under the effects of external forces and thermal energy. We solved the problem that it was difficult to thoroughly remove the pollutants from the waste plastics and the efficiency was low in the pre-proposal process, realizing rapid, efficient, and green cleaning of mixed plastics. In this project, applications have been filed for 59 Chinese invention patents, including 37 granted patents, and 8 Chinese utility models; 14 standards or specifications have been published, including 4 Chinese national standards and 10 group standards; applications have been filed for 2 software copyrights and 61 academic papers have been published.



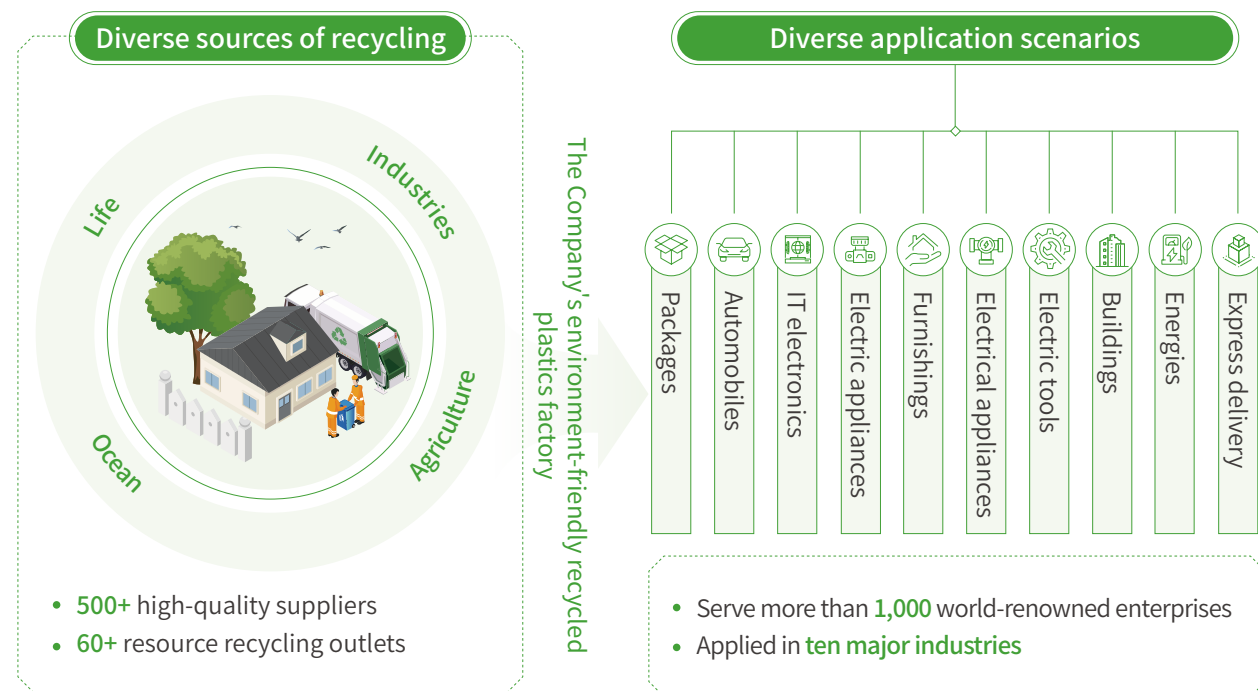
Promotion of Collaborative Disposal of Urban Wastes

With the advent of the era of low-carbon circular economy, the development of recycled plastics² has become inevitable. To solve the problem of plastic pollution and support the achievement of the goal of carbon neutrality, the Company has relied on the state key laboratories for efficient development and high-quality utilization of waste plastic resources, the State Engineering Laboratory for Plastic Modification and Processing, the National Industrial Innovation Center of Advanced Polymer Material, its own National Corporate Technology Center, the Postdoctoral Research Station, and the Sustainable Development Technology Research Institute, etc. Since 2004, we have gradually established a comprehensive, complete, and closed technical recurrent recycling system for the reduction of carbon emissions, covering the whole process of waste plastics from intelligent identification of waste plastics, automatic sorting, green cleaning, waste classification by quality and useful life, cascade regeneration, and high-quality utilization. We also put forward integrated and comprehensive overall solutions for "utilizing the plastics to the greatest extent", to supply environment-friendly high-quality recycled plastics to the industries of packages, automobiles, IT electronics, electric appliances, furnishings, electrical appliances, electric tools, buildings, energies, express delivery and so on, and accelerate the transformation of the entire plastic industrial train into a green low-carbon recycling chain.

²Recycled plastics mean plastic raw materials obtained from processing of waste plastics through physical or chemical methods such as pretreatment, melting, granulation, and modification, featured by pollution reduction, carbon reduction, and great recycling advantages.



The Company's Economical Plan for Plastic Recycling - Integrated Overall Solutions for "Use of Plastics to the Greatest Extent"



Upstream Recycling Sources and Downstream Application Scenarios of Environment-friendly High-performance Recycled Plastics

Starting from recycling, pre-treatment, fine recycling, high-quality utilization, and other links, the Company has solved the pain points and difficulties on technologies, equipment, and environment-friendly actions in the recycled plastics industry one by one, providing theoretical and technical support for the efficient utilization of waste plastics.

As of the end of the reporting period, the Company had domestically built two production bases of recycled plastics, including Qingyuan Base and Pizhou Base, which are situated in South and North China respectively. We have built factories with a total area of 0.3 million square meters, 6 production workshops of high-performance recycled modified plastics, more than 60 highly standard production lines, and 6 production workshops for pretreatment of waste plastics, with a high-quality treatment capacity of 0.12 million tons of various waste plastics and an annual production capacity of more than 0.3 million tons of recycled plastics.

During the reporting period, we cumulatively participated in recycling 0.1 million tons of waste plastics such as PP, HDPE, PS, ABS, and PC from domestic sources, and 0.098 million tons of other waste plastics from industrial sources (including dismantling and factory wastes), including ABS, PS, PP, PA6, PA66 and PBT. We got involved in recycling 0.01 million tons of marine waste plastics like PA6, PP and PE, and 0.01 million tons of PE from agricultural sources in total.

Note: The aforementioned waste plastics were either granular, crushed, tied up, or in other forms.

Our innovative environmentally friendly high-performance plastic recycling and renewal technology for waste plastics is not only helpful for solving white pollution but also significantly reduces energy consumption and carbon emissions in the process of production compared with the use of raw materials. We have made contributions to addressing climate change, protecting the ecological environment, and facilitating biodiversity.



Recycling Technology System

Environmental Responsibilities

Investments in environmental protection RMB
66.8970
million

Produced
0.2192
million tons of green plastics

Recycling ratio of waste gas
26.26 %

Recycled
0.218
million tons of waste plastics

Recycling ratio of wastewater
8.54 %

Number of national green factories
5

Manufactured
0.2802
million tons of recycled plastics

Recovery rate of wastes
33.89 %



SDGs:



Addressing climate change


The Company achieves the goal of carbon neutrality by reducing carbon emissions, improving energy efficiency, and promoting clean energies. We optimize the energy structure and make our products greener by introducing more environmentally friendly energy-saving production processes and technologies, in an attempt to reduce our carbon emissions and make contributions to the global response to climate change.

Responding to the call for the dual carbon goal


In response to the national goal of "2030 carbon peaking and 2060 carbon neutrality", the Company has initiated the "green, low-carbon, and circular" action. From 2021, the Company and its stakeholders worked together to establish a "carbon" management system, inspect corporate carbon footprints according to related standards, continuously reduce carbon emissions, and regularly disclose the progress of carbon neutrality.

The Company has established a dual-carbon strategy with Kingfa characteristics, planned to reduce plastic pollution caused by its business operations while reducing carbon emissions, and helped the industrial chain reduce its overall emissions by 2060. For this purpose, we have drafted a detailed dual-carbon action plan and low-carbon product strategy and accelerated our R&D of more low-carbon and environment-friendly products.


Carbon Goals of the Company



Compared with 2022, the greenhouse gas emissions per unit of products in 2030 will be reduced by at least **30%** on a year-on-year basis.



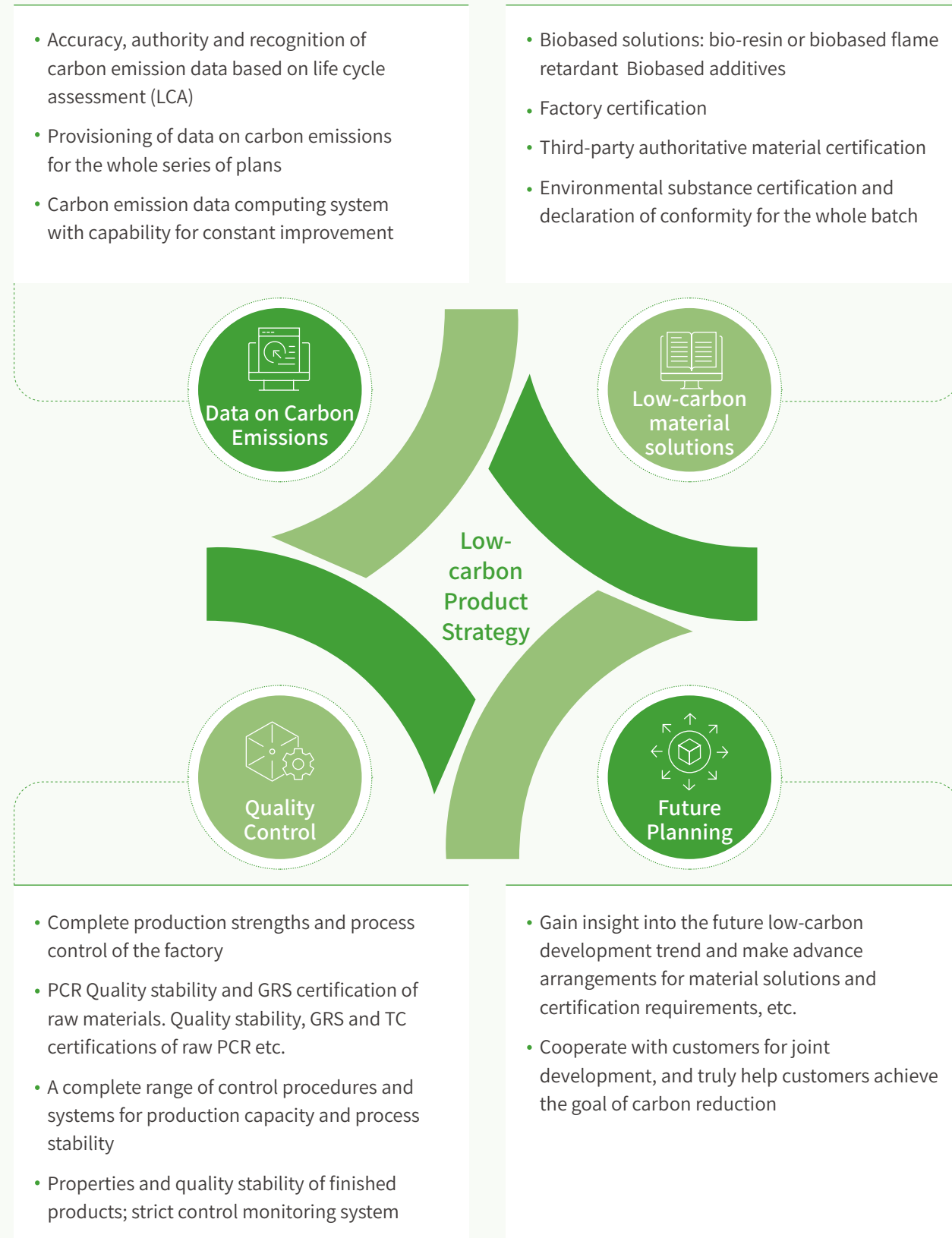
In 2030, green plastics (including fully biodegradable plastics and bio-based materials) of **1 million tons** and environment-friendly high-performance recycled plastics of **1 million tons** will be produced, while the waste plastics of **1 million tons** will be recycled.



The Company will realize complete carbon neutrality by 2060.

-  Identify, inspect, monitor, and manage emissions; establish a control system and continuously optimize it; and gradually expand the application scope of green energies.
-  Build green parks and green factories; promote relevant parties to practice green production, living and office methods.
-  Establish a green procurement mechanism and a carbon emission management system for the supply chain to promote the realization of the emission targets of the supply chain.
-  Select key products and check the carbon footprint of products according to relevant standards; continuously improve and refine emission reduction work; and regularly make them public.
-  Construct R&D, design, production, supply, and service systems for green low-carbon reproduction, continuously improve efficiency and achieve the carbon emission reduction target per unit product.
-  Construct a green plastic recycling system; promote and continuously improve it.
-  Create a full value chain to provide low-carbon solutions, accelerate the overall emission reduction of the industry, and cooperate with the entire industry chain to verify the carbon footprint of the product life cycle and continuously reduce emissions.

Dual-carbon Action Plan



As verified by TÜV Rheinland, an independent third-party organization, the Company's greenhouse gas inventories in 2023 included the modified plastics of the head office and within the territory of China, as well as 11 sites of recycled plastics. During the reporting period, the total greenhouse gas emissions (Types I + II) of these eleven sites were 281,809.24 tons of carbon dioxide equivalents, including 5,250.49 tons of carbon dioxide equivalents from Type I direct emission, and 276,558.75 tons of carbon dioxide equivalents from Type II indirect energy emissions.

Comparison of Greenhouse Gas Emissions in 2023 and 2022 in the Domestic Sector of Modified Plastics



Sectors	Item	2022	2023	Year-on-year carbon emissions in 2023 and 2022
Modified plastics	Type I emissions (t CO ₂)	3,813.25	5,250.49	/
	Type II emissions (t CO ₂)	305,625.07	276,558.75	/
	Carbon emissions per unit product (t CO ₂ /ton)	0.18	0.13	-28.65%
Including environment-friendly high-performance recycled plastics	Type I emissions (t CO ₂)	374.51	245.60	/
	Type II emissions (t CO ₂)	26,982.33	27,030.05	/
	Carbon emissions per unit product (t CO ₂ /ton)	0.15	0.10	-28.92%

Notes: (1) The sites for statistical analysis of the data in the above table remained the same in 2023 and 2022, including 11 sites of the head office, modified and recycled plastics within the territory of China. Types I and II emission data have been verified by a third-party organization. In 2023, the petrification segment was just put into production and the designed production capacity was not fully reached. Related data is intended to be disclosed in the 2024 ESG report.
 (2) Type I: direct greenhouse gas emissions, including consumption of fixed equipment necessary for production, fuel consumption of means of transport, production processes of raw and auxiliary materials, refrigeration equipment, dissipation of the factories' septic tanks, and other activities within the business scope.
 (3) Type II: Indirect greenhouse gas emissions from incoming energies, specifically electricity, and steam provided outside the organizational boundaries.
 (4) In case of any variances in the year-on-year emission reduction results between 2023 and 2022, they should be attributable to the decimal places retained.

Evaluation on Carbon Footprint of Low-carbon Products (Excerpt)



Respondent	Functional unit	Recycled content (%)	Decline of carbon footprint (%)	Reference	Software	Database
ABS JY-1000	1kg modified plastic particles	100	≥ 90	HP-126	GaBi10	GaBi10.6 database/ Ecoinvent3.8 database/ GGCdatabase1.2
GAR-011(L95)/ GAR-011(H95)/ GAR-011(R95)		95	≥ 85			
HIPS-510 (R)		95	≥ 80	HIPS-5197		

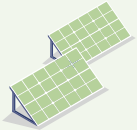

Clean Technology Opportunity

The Company actively carries out R&D, promotion, and application of cleaning technologies, to continuously improve its technologies, expand the application scope of cleaning technologies, and enhance its competitive advantages.

Cleaning Technologies and Products

Product application scenarios	Production lines/products	Key cases
 All aspects of life and production	Recyclable materials	<ul style="list-style-type: none"> High-density polyethylene bottles are wholly recycled and successfully used as packages of daily chemicals, thus realizing closed-loop recycling. Compared with the use of brand-new materials, such recycling reduces carbon emissions by 60% Polypropylene is recycled from disposable lunch boxes, features low-level impurities, high cleanliness, mild odor, and high transparency. The production system for the whole process from pre-recycling treatment to granulation has undergone the challenging tests of the US FDA, which issued a no-objection letter to us in respect of our recycled PP (Grade C-G) for contact with food. Our products apply to toys, food, cosmetics, and other fields with high requirements for environment-friendliness We recycle used household appliances such as washing machines, air conditioners, and refrigerators. After crushing, separation, sorting, high-temperature pre-friction treatment, color sorting, post odor elimination and other processes, recycled products with very few black spots, low VOC, desirable processing properties, and stable performance are obtainable. Our materials may be used in home appliances, furnishing, automobiles and other fields, to provide our customers with low-carbon solutions
	Steel plastic composite boards	<ul style="list-style-type: none"> For the steel-plastic composite boards, we adopt a continuous integrated rolling process, which integrates the continuous fiber-reinforced thermoplastic composites and high-strength steel plates for packaging. Compared with the steel bottom guard plate, these boards needn't undergo steel plate electroplating for corrosion prevention or PVC coating. The continuous fiber-reinforced thermoplastic composites show characteristics such as high strength, impact resistance, scratch resistance and low permeability, which greatly improve the protection capability and useful life of the bottom guard plates
 New energy vehicles	Sealed covers	<ul style="list-style-type: none"> The composite laminates, with advantages such as desirable mechanical properties, low water absorption, flame-retardant property, air-tightness, high molding efficiency, insulation, withstand voltage, environment-friendliness, and recyclability, may be molded into specific shapes
	Honeycomb panels	<ul style="list-style-type: none"> Being light, moisture-proof, mold-proof and highly rigid with mild odor and low VOC, PP glass fiber honeycomb panels are moldable, and preferred alternatives to paper honeycomb panels

Cleaning Technologies and Products

Product application scenarios	Production lines/products	Key cases
 PV	Organic boards	<ul style="list-style-type: none"> Thermoplastic composite laminates, which are light, recyclable and flexible with high strength and low thermal conductivity, lay a foundation for lightweight applications in the photovoltaic industry
	Honeycomb panels	<ul style="list-style-type: none"> Sandwich boards show advantages such as lightweight, high rigidity, high impact resistance, resistance to high-temperature compression, corrosion resistance, and recyclability
	Product lines of PPE	<ul style="list-style-type: none"> PPE materials are mainly applied in PV connectors and junction boxes. The Company has developed modified PPE materials, which exhibit resistance to high temperatures, high dimensional stability, and excellent low-temperature toughness. In 2023, the shipment quantity of these products exceeded 2,000t. The products may be applied in PV modules of more than 40GW, to help each customer reduce their carbon dioxide emissions by more than 10 million tons every year
	Product lines of PC	<ul style="list-style-type: none"> PC is mainly applied in the housings of PV inverters and power storage batteries. We have developed a highly heat-resistant, tough, weather resistant, halogen-free and environment-friendly PC with an attractive appearance, which has been widely recognized by our customers. With a shipment quantity of more than 1,000t in 2023, these products may be applied in related modules of over 2GW, to support the reduction of carbon dioxide emissions by over 0.5 million tons every year
 Energy storage	Product lines of styrene	<ul style="list-style-type: none"> They may be applied in flame-retardant ABS materials for lead-carbon energy storage battery cases, demonstrating superb resistance to low temperature, corrosion resistance, permanent weather resistance, desirable welding performance, electrical resistance and other advantages
	Propene and high-purity hydrogen	<ul style="list-style-type: none"> Blue hydrogen, as one of the present important sources of hydrogen, has attracted much attention for its advantages of reducing greenhouse gas emissions and improving environmental balance. Ningbo Kingfa has realized an integrated and stable production capacity of propylene and high-purity hydrogen through propane dehydrogenation equipment, provided reliable hydrogen sources for end customers, and promoted the wide application of blue hydrogen in different fields. In 2023, Ningbo Kingfa produced 56,101.612 tons of hydrogen-rich gases and purified 144.821 tons of high-purity hydrogen. In terms of hydrogen filling, it owns 10 hydrogen compressors and 16 filling stations

Case Preparation of national standards and creation of a quick evaluation system

During the reporting period, the Company participated in the formulation of the national standard titled Recycled plastics - Calculation of carbon emission from physical recovery, which is China's first standard for calculating carbon emissions in the field of recycled plastics. The standard specifies the calculation requirements, calculation procedures, system boundaries, data collection, calculation, and report details for physically recycled plastic products. In addition, based on this standard, the Company has established a "rapid evaluation system for carbon emissions of modified plastics" and obtained the invention patent certificate. The system will be used in the R&D process of modified plastics. It will horizontally compare the carbon footprint of new/ old products by adjusting inputs such as raw materials, transportation, and energy consumption, to reduce carbon emissions of new products.

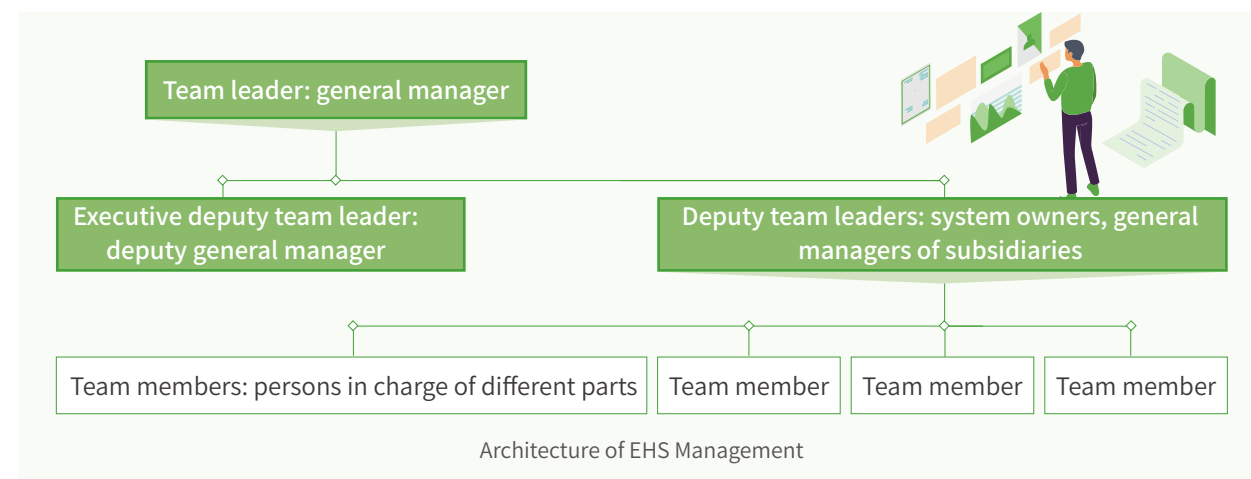


A Method for Calculation of Carbon Emissions of Polymers/Their Products and a Patent Certificate

Environmental Management

While committed to expanding production and operations, the Company attaches great importance to environmental protection, constantly explores green and sustainable development paths, and integrates the concept of sustainable development into its development strategies and management activities to promote its sustainable, stable, and healthy development. We have built a unique environmental management system based on our own types of production, regional differences, and management structure. We have continuously and steadily performed environmental management in accordance with the latest environmental laws and regulations, as well as our own development, objectives, and policies. At present, our main domestic production bases have been certified by ISO 14001 Environmental Management System.

The Company has created an HSE management network in which the general manager is the top decision-maker and leader, the system owners and the general managers of subsidiaries assume responsibilities at varying levels, and all employees participate. We clarify our departments' and employees' responsibilities for environmental protection and assess their performance in environmental protection. Besides, the Company implements a stringent environmental accountability system to ensure that the responsibilities for environmental protection are fulfilled, effectively preventing and reducing the occurrence of environmental emergencies.



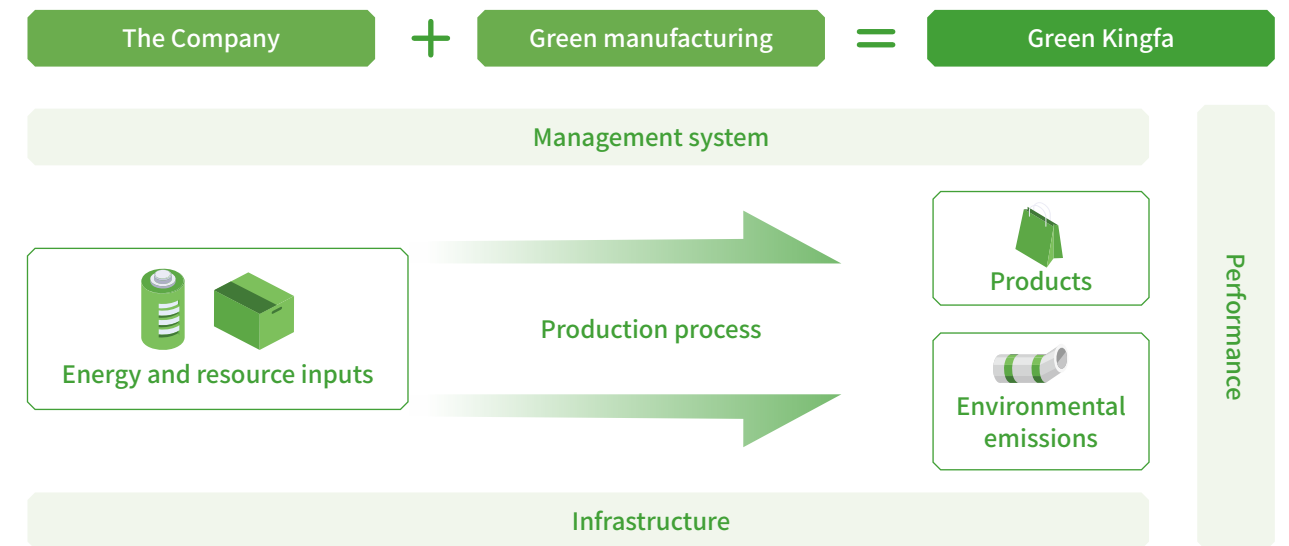
The Company strictly implements the "three-simultaneity" system for environmental protection of construction projects, to realize simultaneous design, construction, and commissioning of supporting environmental protection equipment and main projects. The Company strictly supervises project design and declaration, environmental protection acceptance, and application filing for a pollutant discharge permit. We promptly declare the environmental impacts of our construction projects and prepare their public files. Internally, we also gradually promote technological upgrading of environmental governance facilities. All our projects and premises have passed the environmental impact assessment and undergone regular environmental audits.

We have set a series of specific environmental goals to guide and promote our continuous improvement and advancement in environmental protection. We hope to facilitate the improvement of our environmental management and environmental management measures through environmental goals.

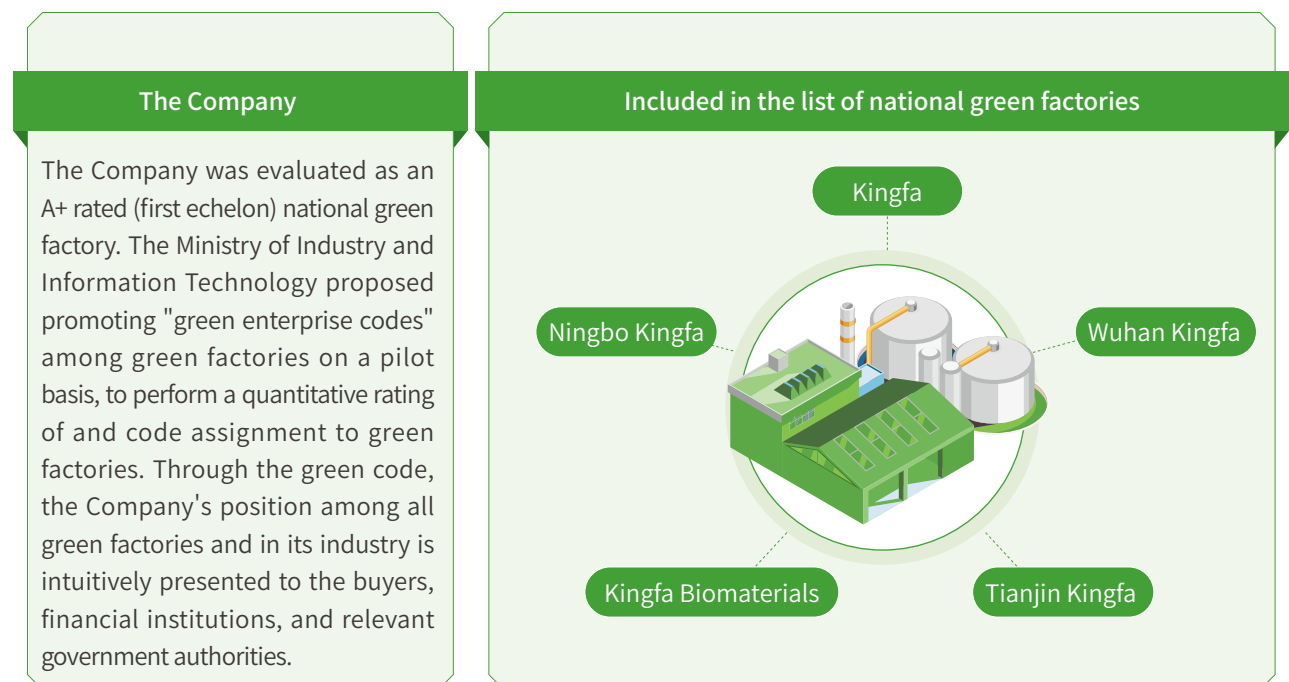
During the reporting period
the Company invested RMB **66.897** million in environmental protection.

Construction of Green Factories

The Company actively carries out the construction of green factories from six perspectives, namely infrastructure, management system, energy and resource inputs, products, environmental emissions, and environmental performance. During the reporting period, the Company was certified as an A+ Rated National Green Factory.



The Company's model for building green factories



Construction of National Green Factories by the Company and Its Subsidiaries

Prevention and Control of Environmental Risks

The Company considers indicators of all departments such as administrative penalties related to environmental protection and the number of failures in environmental monitoring in the performance appraisal. We have established a reward and punishment system to truly guarantee our environmental management. Besides, we require all our subsidiaries to keep and maintain environmental protection files of our environmental management process and results for reference.

The Company conducts compliance assessments on its existing environmental management standards in accordance with the national laws and regulations on the ecological environment to ensure that its environmental management complies with the latest laws and regulations. During the reporting period, we comprehensively refined and strengthened our environmental management of the storage of hazardous waste, updated, made, and posted relevant labels and marks, made our environmental management more standardized, and reduced the possibility of risk occurrence.

The Company formulated the *Emergency Response Plan for Environmental Emergencies*, the *Investigation Report on Environmental Emergency Resources*, and other normative documents, conducted an environmental risk assessment on itself, drafted special environmental emergency response plans, and issued the *Risk Assessment Report on Environmental Emergencies* to identify and control environmental risks in time.

During the reporting period

No general or more serious environmental emergencies occurred in the Company, on which no administrative penalty was imposed by any governmental environmental protection authority.

Our rectification rate of environmental hazards was **100%** and our implementation rate of environmental monitoring plans was **100%**.

100% of our employees received on-the-job education and training on environmental protection.

Case The subsidiaries organized training related to environmental risks to enhance the employees' awareness of environmental protection.

The Company, its branches, and its subsidiaries regularly organize training related to environmental risks to increase the employees' awareness of environmental risks, prevention, and control. The training covered the Company's environmental management system and process, common environmental risks, and prevention and control methods. Through case analysis, emergency drills, and other forms, the training effectively helped the employees better understand and practice the knowledge they had acquired, and improve their ability to respond to environmental emergencies.



Shanghai Kingfa Training on Compliance Management of Solid Wastes



Kingfa Biomaterials Training on Management of Hazardous Wastes



Ningbo Kingfa Training on Environmental Protection

Green Office

The Company has adopted a series of green office measures, actively responded to environmental protection initiatives, reduced its carbon emissions from office work, and contributed to building a cleaner and healthier working environment and social environment.



- Develop an online approval system and an online procurement platform for office supplies to encourage paperless offices and avoid unnecessary paper waste.



- Post water-saving and energy-saving signs to create a good atmosphere for energy conservation and consumption reduction.



- Use energy-efficient computers, printers, and other equipment to strengthen the maintenance and management of lighting and air-conditioning systems.



- When the air conditioners are in use, set temperature zoning and remind the door closing. Discontinue their operations during rest.



- Promptly adjust when to turn on and off the street lights and lighting devices according to seasonal changes.

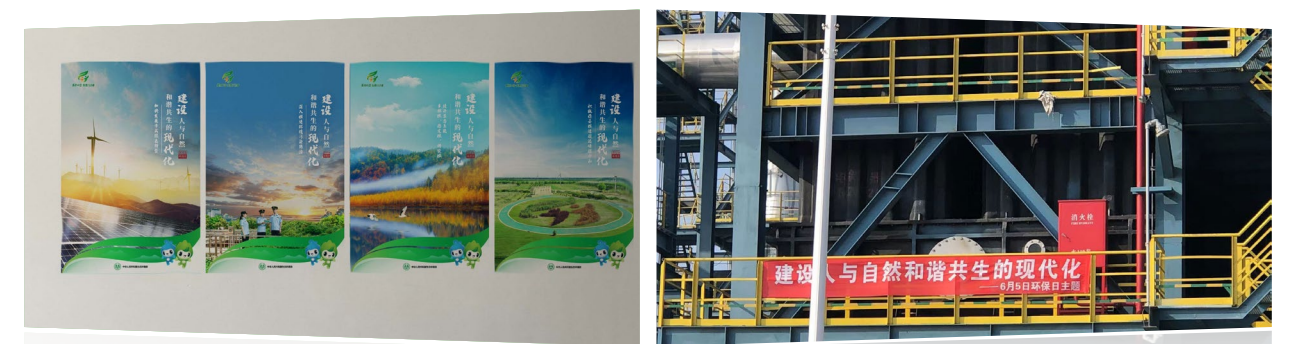


- The elevators are put under group control and linked. Properly set when to start and shut down the elevators based on the flow of people, to reduce unnecessary load-free operations of the elevators.



- Strictly follow the regulations on garbage classification and disposal. Classify and mark garbage bins.

Green Office Measures



Promotion of Environmental Protection by Liaoning Kingfa

Case Ecological protection and green home building



Planting activity

In March 2023, Yuan Zhimin, who was our chairman, led our senior management team and about 200 employees in a planting activity. Different types of young plan tsjackfruits , mangoes, pomegranates, and orchid trees were planted in the " Kingfa Garden". The Company hoped that all the employees could take advantage of this activity to plant young trees of hope, fertilize their land of ideal, achieve fruitful results of victory, and create new glories for the Company's high quality development.



Planting Activity of "Kingfa Garden"

Earth Day Activity

In June 2023, Ningbo Kingfa organized Earth Day publicity and environmental actions for the employees, including cleaning the environment, reducing pollution of wastes and plastics, actively responding to the call of World Environment Day, and practicing the concept of sustainability.



Earth Day Activity of Ningbo Kingfa

Energy Management

The Company annually sets the overall energy efficiency target, requires all its plants to set corresponding targets according to their production and operation situation, and continuously tracks the achievement of the targets. The Company has formulated more than ten system documents such as the *Energy Management Manual* to ensure the effective operation of the energy management system, thereby improving the energy efficiency of its production and operation. In addition, the Company regularly carries out energy-saving renovation of workshops and significantly reduces energy consumption and greenhouse gas emissions through coordinated optimization of management and technologies.

<p>Energy Performance Targets</p>	<p>The energy consumption per unit has declined by 5 kWh/ton.</p>	<p>The energy consumption per unit has dropped by 12.86 kWh/ton, and the energy has been saved by more than 21 million kWh.</p>	<p>Actual achievements in the modification segment</p>
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Optimize production processes and procedures

The Company conducts an in-depth analysis of energy consumption in the production process and reduces energy consumption by improving process, procedures, equipment configuration, and equipment operation efficiency. In addition, we strengthen our monitoring of the production processes to ensure the effective implementation of various energy conservation measures.

Maintain and manage production equipment

Regularly inspect and repair production equipment to ensure their normal operation and efficient utilization. For energy-consuming equipment, reasonable operation methods and control strategies are adopted to reduce unnecessary energy consumption.

Promote energy-saving technologies and equipment

The Company actively introduces and promotes advanced energy-saving technologies and equipment, including high-efficiency motors, energy-saving lamps, and intelligent control systems. The application of these technologies not only improves energy efficiency but also reduces production costs.

Strengthen energy management

The Company has established a complete range of energy management systems, including energy use planning, measurement, statistics, audit and improvement. Through regular monitoring, analysis of energy use data and energy audit, the Company is able to detect energy waste in a timely manner and take corresponding measures for improvement.

Carry out publicity and education on energy conservation

The Company attaches importance to increasing the employees' awareness of energy Conservation and improving their skills, and enables the employees to fully understand the importance of energy conservation and actively participate in energy conservation practices through activities such as knowledge lectures, competitions and publicity weeks on energy conservation.

Establish an incentive mechanism

The Company has established an incentive fund for energy conservation to commend and reward departments and individuals with outstanding performance in energy conservation. This incentive mechanism has effectively stimulated the employees' enthusiasm for energy conservation and promoted in-depth energy conservation.

Case Intelligent power metering control system



With the goal of energy consumption and consumption reduction, the Company has continuously improved the power consumption measurement method, found out the energy consumption of equipment in each module, gradually created an intelligent power metering control system, and explored the space for optimizing energy conservation. In 2023, the background power metering program of Kingfa Medical's mask workshop was put into use, and the power metering equipment of the glove workshop was upgraded. The data was further refined and classified, laying a foundation for the construction of an intelligent control system. Data support was provided for power supply transformation of production lines, off-peak power consumption, to effectively reduce energy consumption.

Key Performance

During the reporting period, our energy consumption is as follows:

Primary energy

Natural gas	122,408,572	Nominal cubic meter	Diesel	284	Tons
Coal water slurry	424,676	Tons	Propane	444,958	Tons

Secondary energy

Medium-pressure steam	2,787,760.571	Tons	PV power generation (self generation for self use)	1,334	'0000 kWh
Low-pressure steam	325,068.726	Tons	Purchased electricity	199,721	'0000 kWh

Total energy consumption	1,210,877.98	Tons of standard coal	Intensity of energy consumption	0.25	tons standard coal/RMB '0000 operating revenue
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Note: The PV power generation is included in the total power consumption.

Case Technical transformation project for energy conservation



Energy conservation of the compressed air system



The Company identified that the 8 air compressors in the South China base had much space for energy saving. By systematically sorting out the problems, it was found that the air compressors in the South China base were mainly manually monitored and managed, but the quality of the gas output from the air compressors and the unit gas consumption were not monitored. The problems such as the operating load of the air compressors, pressure drop in pipes, and pipe leakage could not be accurately identified. In addition, the continuous loading and unloading of the air compressors consumed a lot of energy. The air compressors, refrigerant dryers, and other equipment were not interlocked. As a result, after the air compressors were turned off, the corresponding equipment could not be automatically shut down. In combination with the problems, the Company carried out targeted rectification and reduced the energy consumption per unit by 2.1 kWh/ton.

Recovery of waste heat from melt-blown water electret ovens

To reduce the energy consumption of production equipment, Kingfa Medical's non-woven workshop upgraded the existing production line equipment. The waste heat of the drying tail gas generated by the water electret ovens was recycled, and advanced environment-friendly heat exchange equipment was introduced. The waste heat of the tail gas was used for fresh air heating through the heat exchanger cores to reduce energy loss and effectively cut the power consumption of the equipment. Actual production verified that after the transformation and upgrading, the energy consumption of water electret ovens in each production line was reduced by 15%-20%.

Case Use of clean energy



In response to the country's call for vigorous development of clean energy, the Company actively promoted the construction of photovoltaic power generation projects and clean energy procurement in production bases, injecting clean momentum into its green and low-carbon development.

As of the end of the reporting period, our rooftop photovoltaic installed capacity reached 13.656 MW, and the capacity under construction was 24.12 MW. During the reporting period, photovoltaic power generation was up to 14 MWh. In the future, the Company will further promote photovoltaic construction projects, expand or perform rooftop photovoltaic construction in production bases, increase the proportion of renewable energy in power generation, and continue to optimize the energy structure.



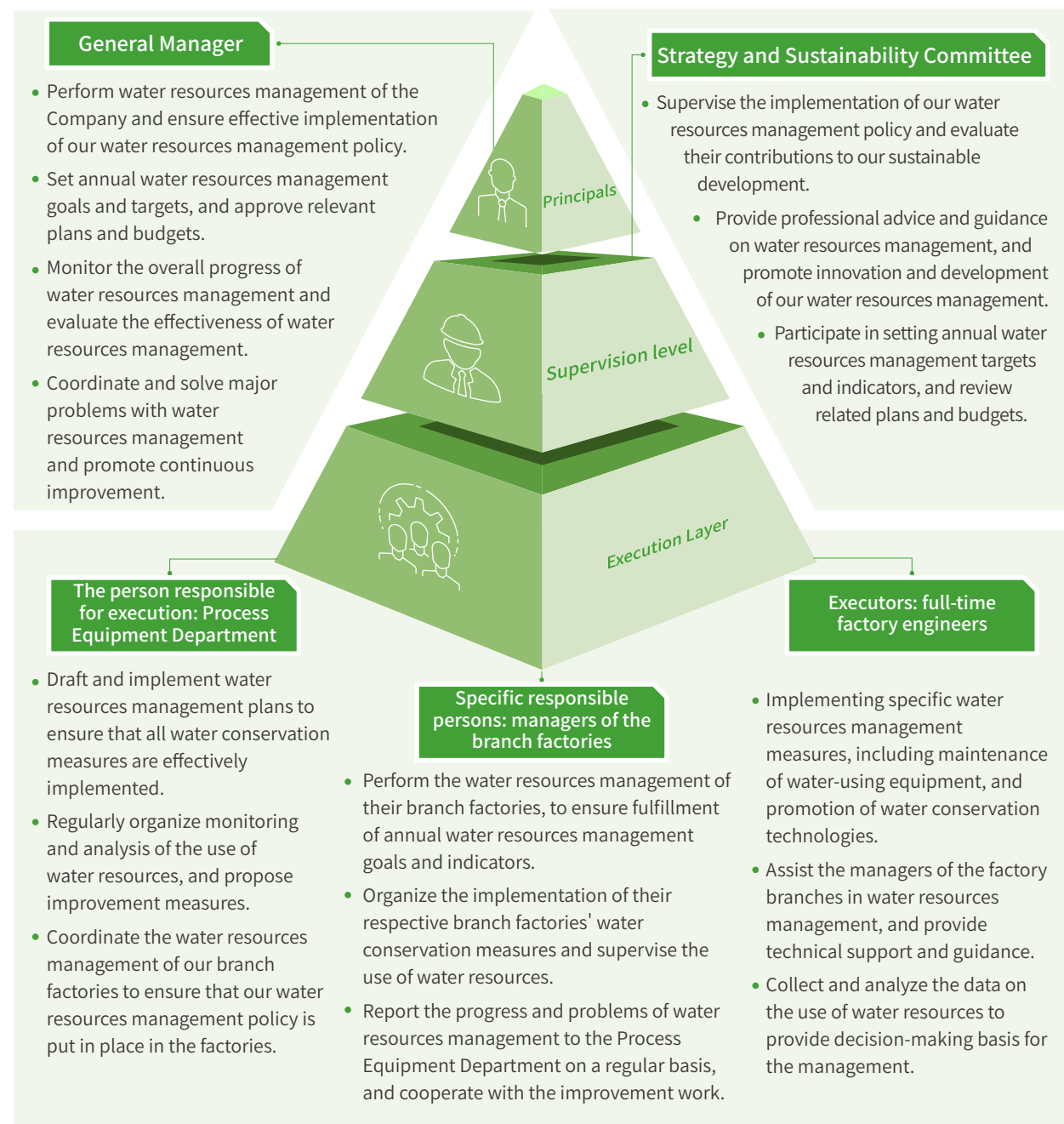
rooftop photovoltaic

Besides, Qingyuan Meijin completely utilized renewable electricity during the reporting period.

Resource Conservation

Water resources management

The Company strictly abides by the management and control quality requirements for water use, water reuse, and sewage discharge, etc. We reasonably regulate our use of water resources in daily operations, and set annual water resources management goals and indicators based on our previous year's water resource consumption and our operation and development strategies. In addition, the Company identifies potential risks of water resources in a timely manner, draws up targeted water conservation plans for plants at different places of business, and continuously carries out reclaimed water reuse projects to effectively improve water use efficiency and reduce water waste.



Water Resources Management Architecture



Water Resources Management Measures

Water Risk Management

- Perform regular patrol inspections and equipment inspections to identify and resolve potential risks in time.
- Perform risk assessment and analysis for water use; take corresponding management measures for different levels of risks.
- Establish a system for monitoring water consumption and water quality in real time; and find anomalies and potential risks in water use through data analysis.
- Establish an emergency response mechanism for water safety to ensure rapid and effective responses to water accidents.
- Regularly conduct training on the safety of water use to increase our employees' awareness of water risks and their ability to deal with the risks.

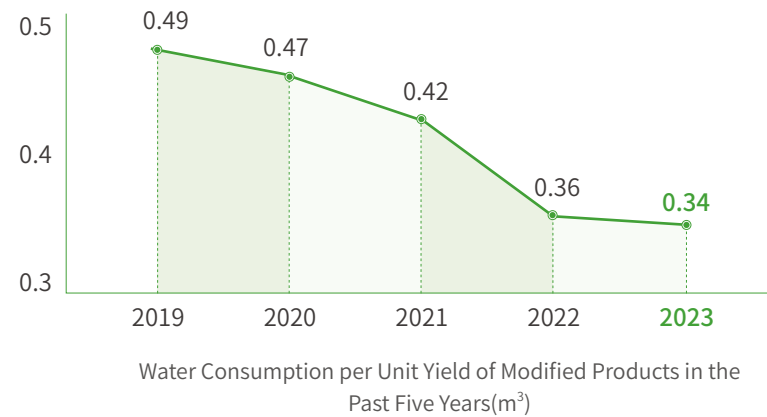
Conservation of water resources

- Improve the water resources management system; draft detailed plans and budgets for the use of water resources; and clarify the water consumption indicators and water conservation targets of all departments.
- Regularly maintain and inspect water-using equipment to ensure their normal operation and efficient use; promote the use of water-saving equipment and reduce daily water consumption.
- Organize knowledge popularization activities on water resources and water resources management training to improve our employees' skills in water resources management and water conservation.
- Supervise and assess the use of water resources; establish an incentive mechanism for water conservation to encourage all employees to actively participate in water conservation activities.

Comprehensive Water Use

- Appropriate use of water resources: Optimize production processes, reduce water consumption in the production process, and improve water resource utilization efficiency; implement water recycling, reuse wastewater after treatment, improve sewage treatment efficiency, and reduce the demand for freshwater; strengthen rainwater collection and utilization, and reduce the use of tap water.
- Expand the application scope of reclaimed water: On the premise of guaranteeing water quality and safety, explore the applications of reclaimed water in more production links and for non-production purposes to further reduce fresh water consumption.
- Explore technological innovations: Pay attention to the latest technological development in the comprehensive utilization of water resources at home and abroad, and actively introduce advanced technologies and equipment; cooperate with scientific research institutes and institutions of higher learning to carry out research on the technologies for recycling reclaimed water to promote technological innovation and transformation of achievements.
- Establish an incentive mechanism: Establish an incentive mechanism for recycling reclaimed water; commend and reward departments and individuals with outstanding performance in recycling the reclaimed water.
- Strengthen publicity and training: Organize training on the technologies for recycling reclaimed water and knowledge popularization activities.

We continuously strengthen our management and conservation of water resources, which not only helps us reduce our operating costs and improve our economic benefits, but also makes us less reliant upon natural water resources, eases our pressure on water resources, and maintains ecological balance. From 2019 to 2023, the Company had reduced the water consumption per unit yield of modified products for five consecutive years.



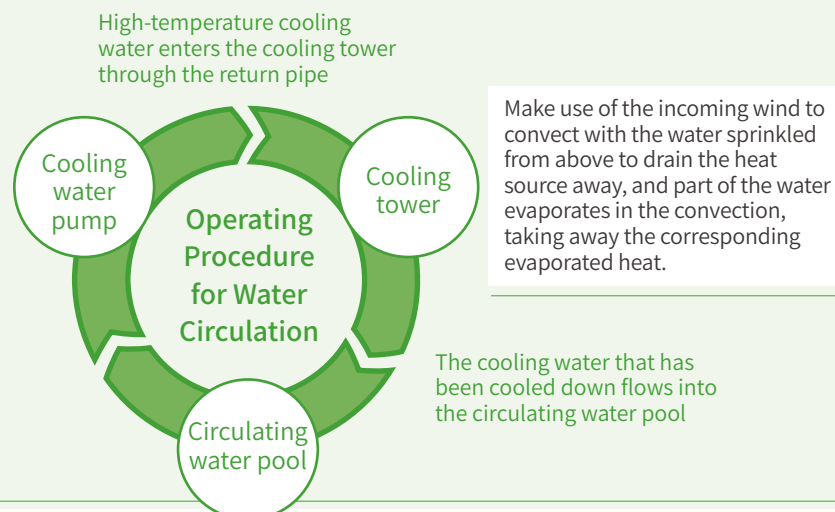
Case Project for Recycling of Reclaimed Water in the Park

Qingyuan Base clarifies in the park's public infrastructure plan that water shall be used to the greatest extent by adopting the principle of rainwater-sewage diversion, clean water-sewage diversion and recycling of reclaimed water. The wastewater from the production and storage areas of the entire park (including the production wastewater within the areas and domestic sewage of employees) is separately collected and discharged into the production wastewater treatment system with a planned treatment capacity of 500 cubic meters per day in the park. The treated effluent is completely reused for the park's plastic cleaning, park greening and other links so that the wastewater from these areas may generally be recycled in full, and no production wastewater is discharged outside.



Case Water Circulating Operation

The Company regulates the water circling operation. After the cooling water flows through the heat exchange equipment that needs to be cooled down, the temperature will rise. The water flows through the return pipe to the cooling tower for cooling and falls into the pool. Then, it is pressurized and transported out by the water pump for recycling.



Store the circulating cooling water. Set upper and lower water levels for alarms. Water is automatically replenished, and water quality is inspected. The water will be discharged in case of high conductivity.

Management of Packaging Materials

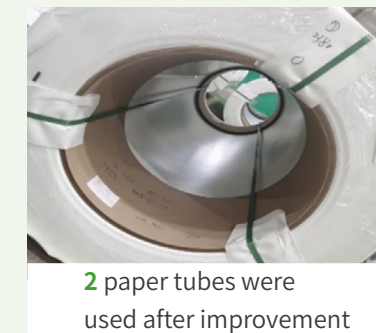
The Company actively strengthens the management of packaging materials. We ensure a timely supply of packaging materials, reduce waste and loss, and optimize the production process to improve product quality by implementing stringent procurement, storage, use, and recycling systems for packaging materials. In addition, strengthening the management of packaging materials is helpful for the Company to reduce the impact on the environment, promote green production, and create both economic and environmental benefits.



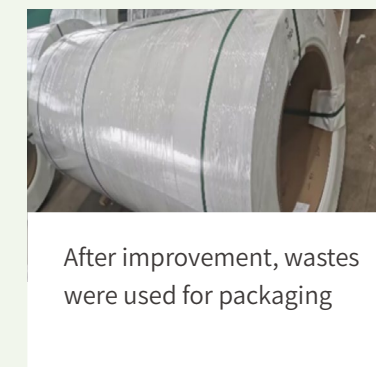
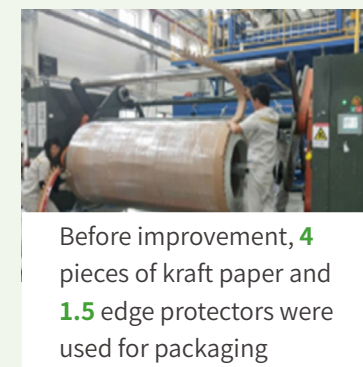
Case Improvement of excessive packaging

The Company cooperated with a company of logistics equipment to reduce excessive packaging, decrease the use of packaging materials on the premise of assuring quality of product transportation, and save packaging materials.

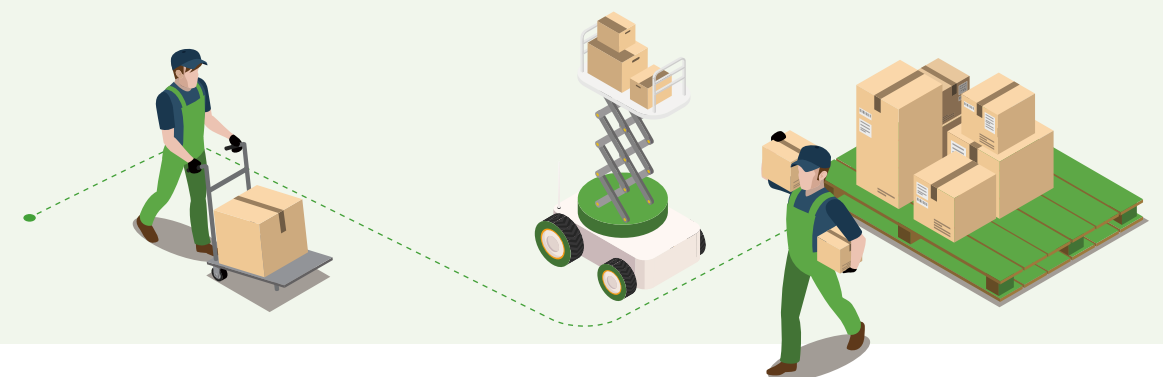
Before package improvement → **After package improvement** **In 2023**



The use of paper tubes was reduced by **1,308**



The use of kraft papers and ring-shaped protectors was reduced by **5,232** and **3,924**



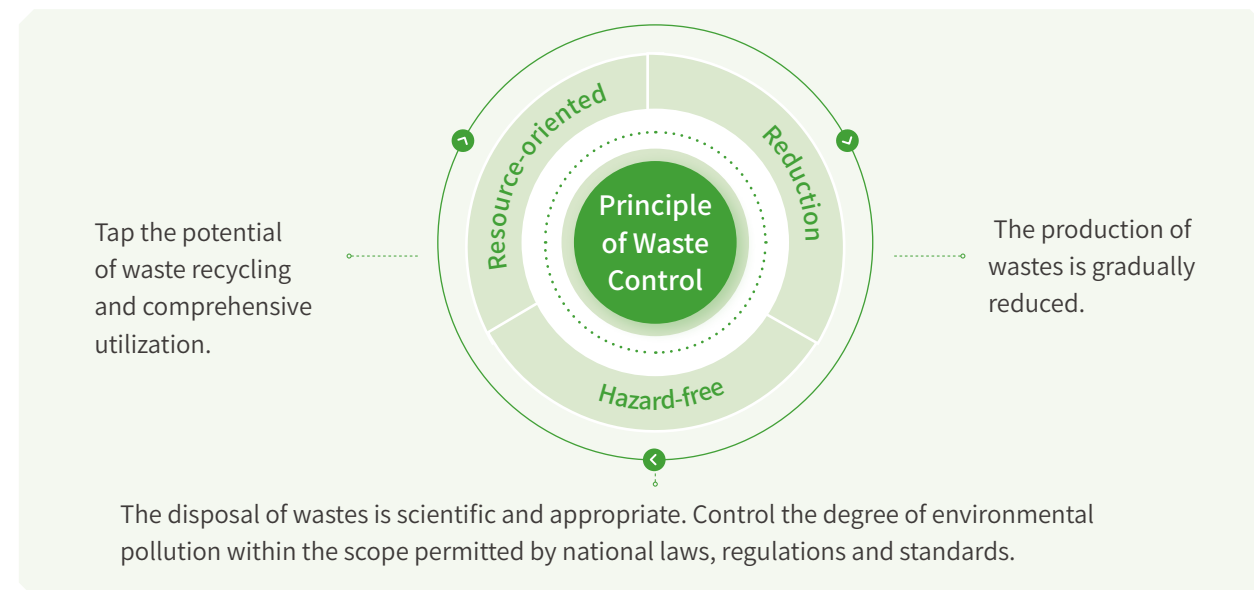
Waste management

Performing our responsibility for environmental protection, we have formulated a series of strict pollutant management systems to ensure the standardized disposal of waste. Besides, we actively promote wastewater reuse projects and the concept of "zero" direct discharge for environmental protection. We have successively carried out three waste improvement projects for wastewater, waste gases, and wastes in our bases in Shanghai, Qingyuan, and Zhuhai. The Company has formulated a regular inspection mechanism for pollutants, and deployed online monitoring and early warning facilities for organic waste gases and wastewater to keep information about the discharge of pollutants in real-time.

We also adjust our management measures promptly according to the *List of Identified Environmental Factors* to effectively reduce the negative impacts of pollutant discharge on the environment and human body, to fully fulfill the responsibility for environmental protection by emitting pollutants up to standards. All our bases and branches entrust third-party organizations recognized by the state and local governments to inspect the pollutant treatment facilities and emission compliance, to ensure that all emissions conform to the standards for environmental protection. During the reporting period, the disposal of solid wastes, hazardous wastes, waste gases, and wastewater of the Company met the national requirements, and the compliance rate of disposal reached 100%.

Identification of Environmental Impacts of Pollutants

Environmental factors	Environmental impacts
Dust flying	Abnormal dust emissions harm human health
Emission of organic waste gases	Atmospheric pollution and harm to human health
Pollutant leakage	Water and soil pollution
Discard of empty reagent containers	Soil pollution
Discard of empty chemical containers	Failure to place wastes by class, which causes pollution of solid wastes
Production of hazardous wastes	Soil pollution
Noise production	Noise pollution impairing the employees' hearing and health



- Based on the principle of "collecting waste gases as far as possible by quality", scientifically design an exhaust gas collection system to make unorganized emissions organized for control.
- Adopt fully closed negative-pressure emission measures for new projects, and make VOCs collection efficiency exceed 95%.
- For improvement of organic waste gases, the three-chamber RTO combustion process is adopted, and the treatment efficiency of the end-of-pipe treatment process exceeds 90%, which greatly reduces the waste gas emission and resource utilization.

- Rain and sewage diversion is implemented inside factories, and 80% of the production wastewater from the modification segment is reused for workshop floor cleaning, toilet flushing, greening, and road sprinkling after treatment by a wastewater treatment station.
- The domestic sewage is treated with three-compartment septic tanks, and discharged into a sewage treatment plant through the municipal pipeline after conforming to the discharge standard.



- General industrial wastes are traceable and searchable in the whole process of their production, storage, warehousing, delivery, and utilization. They are recycled internally, sold to external organizations for recycling, or general industrial waste treatment units are entrusted for recycling and disposal.
- Entrust qualified units to dispose of hazardous wastes.
- In the petrification segment, reduce waste discharge through the sludge drying process.

- When equipment is updated, low-noise equipment is preferred.
- Annually entrust a nationally recognized environmental protection monitoring department to conduct noise measurement, and prepare the *Boundary Noise Monitoring Report* and the *Workplace Noise Monitoring Report*.



Methods for Disposal of Four Wastes (Waste Gases, Wastewater, Wastes and Noise)

Case Improvement of treatment of three wastes by Kingfa Biomaterials

In 2023, Kingfa Biomaterials systematically assessed the risks in the treatment process of three wastes, inspected the treatment facilities for the three wastes and equipment on the spot in combination with the Company's actual situation, drew up an improvement plan, and improved the treatment of three wastes in a targeted manner.

Improvement of Waste Gas Treatment

- All organic process waste gases are collected and introduced into organic waste gas treatment facilities, or directly burned in boilers and incinerators.
- Online monitoring equipment for organic waste gases are mounted at major discharge outlets.
- Equip tetrahydrofuran storage tank and barrel areas with exhaust gas collection facilities. The collected exhaust gases are transported to boilers for combustion and emission.
- The non-methane hydrocarbon with a concentration of 100 ppm or higher is covered, and equip fans to deliver the gases produced in the sewage tanks to the boilers for combustion and emission.

Improvement of sewage treatment

- Build buffer pools
- Lay drainage pipes
- Mount automatic measurement facilities
- Maintain and clean sewage treatment stations
- Equip modified wastewater pretreatment systems (under construction)

Improvement of waste treatment

- Based on the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2023),
- Set new marks for storage facilities and new labels for hazardous wastes, and add zoning signs.
- Update the ledgers of hazardous wastes according to specifications.
- Promptly point out and correct problems about storage of solid and hazardous wastes on site.

Case Wastewater purification and treatment of Shanghai Kingfa

In 2023, Shanghai Kingfa designed and invested in a set of wastewater purification and treatment facilities with a treatment capacity of 1,000 cubic meters per day for the production of wastewater in the second phase of the project, and additionally equipped a "membrane bioreactor" as a deep purification device to assure the quality of reclaimed water to an extent that they may be reused in different production or auxiliary links of the reclaimed water. After the facilities were put into use, more than 1,300 tons of production wastewater may be reused per month on average, achieving "zero discharge" of wastewater.



Deep Purification of the "Membrane Bioreactor"

Case Recycling of waste liquids of Kingfa Medical

In 2023, Kingfa Medical finished the renovation and upgrading of its chlorine absorption system and acid-alkali waste liquid system. In 2023, the chlorine absorption system recycled 1,652 tons of waste liquid to satisfy its own production needs and reduce its purchase of some raw and auxiliary materials; The operating efficiency of the acid-alkali waste liquid recycling system has been improved. The quality of reused acid-alkali has been effectively improved, and the acid-alkali recycling rate has increased to 70%.

Chemical Safety

The Company strictly abides by the national laws and regulations, including the *Regulations on the Safety Administration of Dangerous Chemicals*. Adhering to the policy of "safety first, prevention foremost, and comprehensive management", we have formulated the *Control Procedures for Hazardous Chemicals*, where the regulations and requirements for procurement, storage, use, and waste disposal of the hazardous chemicals are specified. The Company identifies, strictly classifies, and labels hazardous chemicals and records all major hazards of hazardous chemicals based on the *General Rule for Classification and Hazard Communication of Chemicals (GB13690-2009)* and *List of Hazardous Chemicals*. In addition, our bases, branches and, subsidiaries regularly carry out hazardous chemical safety assessments. They have formulated elaborate on-site disposal plans for chemical leaks based on their actual production characteristics, built emergency response teams, and prepared corresponding emergency materials. They regularly carry out training on operations of hazardous chemicals and emergency drills on leaks to improve their own and their employees' ability to respond to hazardous chemical emergencies, to minimize the harms of accidents.

Procurement

- The Company strictly controls the safety of hazardous chemicals from the source, purchases hazardous chemicals from qualified suppliers, and requires the suppliers to provide corresponding material safety data sheets. For the purchased hypertoxic, precursor, and explosive hazardous precursor chemicals, we take the initiative to report to the public security organs by regulations and perform due diligence.

Transportation

- The Company requires the suppliers of hazardous chemicals to entrust the carriers qualified for road transport of dangerous goods to carry hazardous chemicals. We strictly control and inspect the incoming vehicles transporting hazardous chemicals, requiring the vehicles and transport personnel to take fire and explosion prevention measures when entering areas where flammable and explosive hazardous chemicals are stored and used. The vehicles and personnel shall also be equipped with sufficient and effective emergency treatment equipment and facilities as well as personal protection equipment.
- When handling hazardous chemicals within the Company, each department shall formulate safe operating procedures for handling hazardous chemicals based on the characteristics of hazardous chemicals, and educate and supervise employees to handle the hazardous chemicals in a standardized manner.

Storage

- For the storage of hazardous chemicals, the Company strictly implements relevant regulations and standards such as the *General rules for the Hazardous Chemicals Warehouse Storage*, and all hazardous chemicals are stored in approved hazardous chemical warehouses that conform to national standards.
- Besides, the hazardous chemicals are separately stored in different areas and warehouses by properties. The hazardous chemicals warehouses shall be managed by personnel with corresponding professional knowledge and safety skills, and equipped with reliable personal protective equipment.
- The warehouses are equipped with corresponding monitoring, ventilation, sun protection, fire prevention, fire extinguishing, explosion protection, pressure relief, anti-poisoning, disinfection, neutralization, moisture protection, lightning protection, anti-static, anti-corrosion, anti-leakage, embankment protection, isolation, other safety facilities, and equipment according to the types and characteristics of hazardous chemicals, to ensure safe storage of hazardous chemicals all the time.

Waste disposal

- We have formulated the *Management Procedures for Four Types of Waste* by relevant national and local laws and industry standards. The hazardous chemical wastes and other wastes produced in the production process are collected, classified, and temporarily stored according to company-level national waste management documents and standards, and handed over to qualified third parties for transfer and disposal. The Company performs whole-process risk identification and closed-loop risk management for the compliant disposal of wastes, to make industrial solid wastes traceable and searchable and ensure the compliant disposal of waste hazardous chemical residues.

Use

- The Company has established a strict management system for the use of hazardous chemicals. Our relevant procurement, storage management, safety management, use, and operation personnel have undergone relevant training and obtained qualification certificates by national requirements. We have maintained a complete ledger for the receipt and use of hazardous chemicals, and regular inventories are made.
- The Company is equipped with personal protective equipment up to national standards, strictly requires the employees to wear corresponding personal protective equipment when operating hazardous chemicals, and regularly conducts safety inspections, practical training, and emergency drills.

Emergency response

- We have drafted the *Emergency Plan for Production Safety Incidents*, a reasonable, complete, and effective emergency response plan for hazardous chemicals, and organized no less than one practical drill every year by the national requirements.

Case

Chemical control plan of Specialty Engineering Plastics Company



Name of hazardous chemical	Type	Original orientation of use	Control plan
Acetic anhydride	(Flammable) hazardous chemicals (precursor chemicals)	Raw material for production	Reduce daily storage
Acetic acid	(Flammable) hazardous chemical	By-products	Reduce daily storage
Mixed xylene	(Flammable) hazardous chemical	Auxiliary material for production	Reduce daily storage, and cancel them by the end of 2025
1,6-diaminohexane	(Corrosive) hazardous chemical	Raw material for production	Reduce daily storage
Hydrochloric acid	(Corrosive) hazardous chemical	Laboratories	Reduce daily storage
Concentrated sulfuric acid	(Corrosive) hazardous chemical	Laboratories	Reduce daily storage
Sodium hydroxide	(Corrosive) hazardous chemical	Laboratories, environmental protection facilities of workshops, environmental protection workshops	Reduce daily storage
Diesel	(Flammable) hazardous chemical	Forklifts	Discontinue the use of storage tanks and reduce storage
Natural gas	(Flammable and explosive) hazardous chemicals	Boiler fuel	Deploy safety valves and pressure relief facilities; no storage

Social Responsibilities

- R&D investments
RMB **1.973**
billion
- Total training hours of employees
440,232.29
Hour

Average training hours of employees
41.3
Hour
- The Company's total external donations
635.16
RMB '0000

Hours of participation in volunteer activities per employee
27.3
Hour
- Percentage of suppliers signing the Code of Conduct for Suppliers
100 %

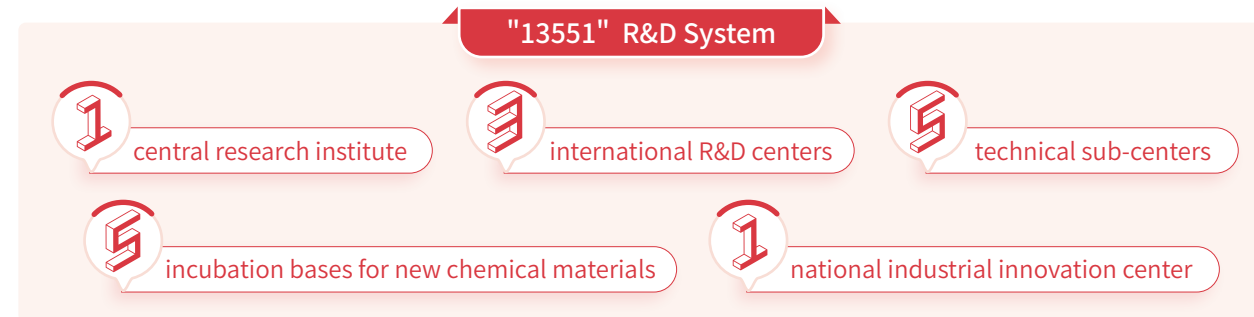


SDGs:



Technological innovation

The Company has continuously developed the world's leading technology R&D platform, created an R&D system known as "13551", improved its independent R&D capabilities, and developed clean renewable new products to lead the industry's technological upgrading, in an attempt to become a global leading enterprise of new chemical materials, achieve high-quality development, and make technological innovations to serve the country through industry.



Core R&D Resources

Upholding "making independent innovations, taking the lead in technologies, and creating excellent products", the Company has been accumulating technologies and studying products. Progressively, we have built an R&D platform driven by technology, industry, and product research. We have made constant efforts in four major sectors, namely modified plastics, advanced materials, green petrification, and medical health, where we have integrated our strategic concept for low-carbon cleaning technologies, R&D and scientific innovation outcomes.



Four Major Sectors and Product Applications

Sectors	Products	Downstream application fields
Modified plastics	Modified plastics and environmentally friendly high-performance recycled plastics	Automobiles, household appliances, electronics and electricians, new energies, consumer electronics, etc.
Green petrification	Light hydrocarbon and hydrogen energies, polypropylene resin, styrene resin	Modified plastics, household appliances, automobiles, toys, daily chemicals, etc.
	Fully biodegradable plastics	Packages, agricultural films, tableware, 3D printing, etc.
	Special engineering plastics	LED, electronic devices, electric appliances, consumer electronics, new energies, etc.
Advanced materials	Carbon fiber and composites	Automobiles, unmanned aerial vehicles, new energies, containers, etc.
	Bio-based monomers and resin	Film bags, automobiles, household appliances, electronic devices, electrical appliances, new energies, consumer electronics, etc.
	Medical health	Personal protective equipment (PPE), non-woven materials, IVD consumables

Kingfa (Europe)
Electronic and electric evaluation platform



KINGFA Europe

Kingfa (USA)
UL cooperation platform



KINGFA USA

KINGFA (India)



KINGFA India

KINGFA (Malaysia)



KINGFA Malaysia

Liaoning Kingfa
Liaoning ABS Innovation, R&D Engineering Center



Tianjin Kingfa
Optical Materials Industry R&D and Application Evaluation Center



Shanghai Kingfa
Automobile Material R&D and Application Evaluation Center



Head Office
Polymer Synthesis Institute, Phase II Laboratory and Pilot Scale Kingfa Medical - Academician Wang Yingjun Joint Laboratory, Application Evaluation Center for Electronics and Electrical Industries



Zhuhai Base
Zhuhai Advanced Materials Engineering Center

Wuhan Kingfa
Agricultural Materials R&D and Application Evaluation Center

Ningbo Kingfa
Ningbo High-performance Polyolefin Engineering Center

Chengdu Kingfa
Special Industry Material R&D and Application Evaluation Center

As of the end of the reporting period

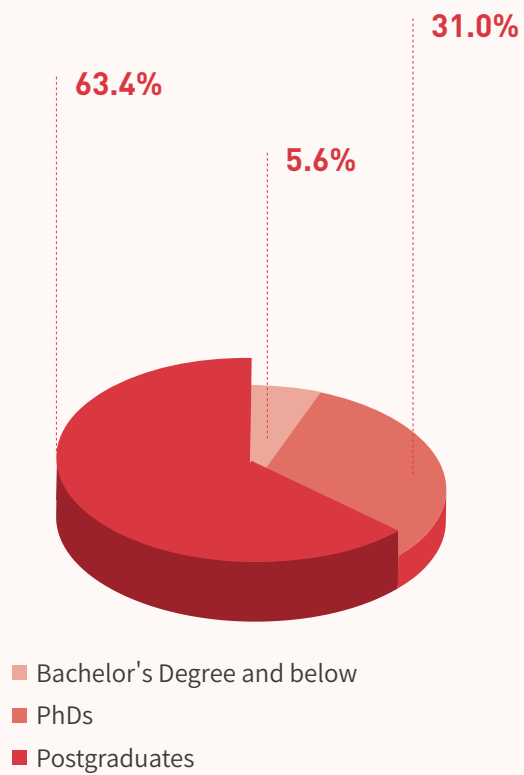
the Company had had

1 Foreign academician **146** senior engineers **168** doctors **1,136** masters

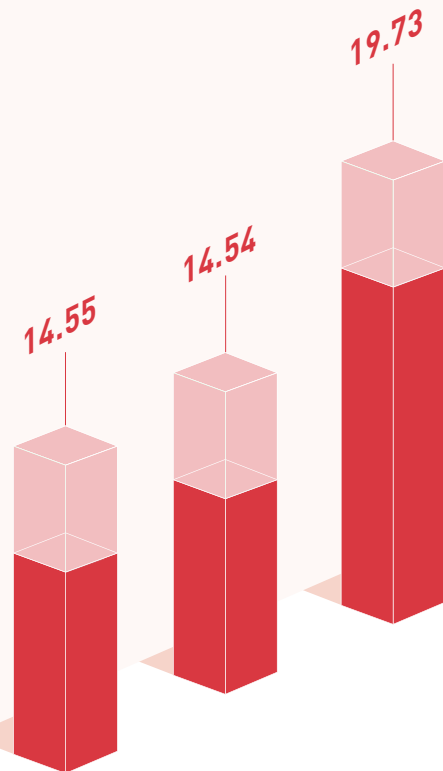
We won

3 National science and technology progress awards **17** China Patent Excellence Awards **15** First Prizes for Provincial and Ministerial Science and Technology Progress

Educational structure of R&D personnel



R&D investments from 2021 to 2023
(unit: RMB 100 million)



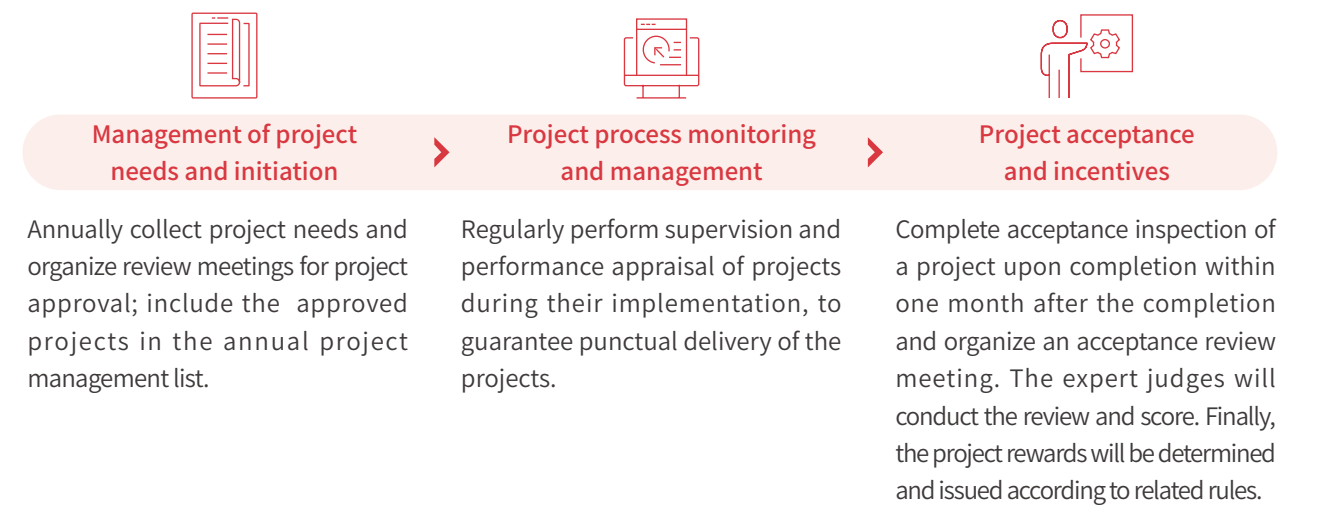
Note: R&D personnel are defined as product development and technical research engineers within the scope of the technology centers



| Project Development Management

The Company has always been guided by market demand and striven to make breakthroughs in key common technologies with the focus on the "breakthroughs in key industries", industry needs, and applications. We assure our product quality in the whole process from R&D to production and delivery through our production technology and quality platforms. The Company has prepared relevant project management system documents, standardized the implementation of R&D project management measures, and clarified the process requirements for each project phase.

Project Management Procedure





Key technological R&D projects during the reporting period

Modified plastics

Modified plastics

- We have developed a new type of highly transparent sprayable polypropylene material, which has been successfully applied in automotive light-permeable bumpers. This is the world's first instance of the application in mass production for "integrated luminous front face", leading the new trend of the industry.
- We have created a multi-dimensional product matrix, which is suitable for multiple molding methods such as blister molding, blow molding and injection molding. Multiple functions have been realized, including good appearance, lightweight, thin-walled flame retardancy and ablation resistance. We have continuously launched iteratively upgraded solutions to battery pack covers, which have been highly recognized by our customers and put into use in the market.
- Through stable comparative tracking of flame-retardant engineering plastics, we have developed electrical insulation and thin-walled flame retardancy of the products, with great potential for development in the industry of clean energies.
- Having performed continuous R&D of key fields, including material failure mechanisms during their service life, accelerated life evaluation and regulation, we have obtained several UL yellow cards and RTI certification.
- Focusing on studying complex interfacial properties, we have made breakthroughs in regulating surface hydrophobicity of the PC/PET alloy system materials filled with mineral powder, light high-performance nylon with low warp, and styrene materials. We have enhanced our capacity for material applications in the fields of automobiles, electric tools, PV, energy storage, electronics, electrical appliances, etc.
- We have developed several types of creative aesthetic materials and optical functional materials, thus diversifying the product appearances.

Environment-friendly high-performance recycled plastics

- Having made breakthroughs in pollutant identification, transfer of trace substances, and rapid assessment of trace elements, we have established a complete system for recycling tracing, risk assessment and control of waste plastics, which has been awarded several international third-party certifications and domestic and foreign patents.
- We have organized the formulation of relevant standards for recycled plastics and launched a variety of high-grade environmentally friendly high-performance recycled plastics, which have been widely used in plastic packaging, household appliances, automobiles, consumer electronics and other markets.

Advanced materials

Fully biodegradable plastics

- We have constructed a technology R&D platform for synthetic biology, developed engineering strains, built core technical capabilities, and expanded the "new tracks" for biological monomers and bio-based materials. The bio-based 1,4-butanediol (BDO) developed by us has passed the bio-based certifications of international authoritative organizations such as USDA (USA) and DIN CERTCO (Germany). We have launched ECOPOND® KB100 NC806/A300 NC806/A200 NC806 series biodegradable polyesters and their modified products with bio-based content of 35% ~ 100%, reducing carbon emissions of end products, and deploying a low-carbon industrial chain for monomer-polymerization-modification.
- Particularly, we have overcome industry difficulties such as difficult molding and processing of biodegradable mulch films, poor moisture retaining performance, and short weather resistance time, strengthening the adaptability to planting areas and crop growth characteristics, and completing the iterative upgrading of three special materials of biodegradable mulch films. The key national R&D program of the 14th Five-Year Plan titled "Preparation and Industrialization of Special Materials for Biodegradable Mulch Film and Products" (2021YFD1700703) successfully passed the milestone assessment. The products converted from this program received positive market feedback, which facilitated China's demonstration and promotion of biodegradable mulch films for scientific application.
- We have developed special polyesters with superb flow properties, quickly molded materials for modification and other new products. Significantly improving the processing and mechanical properties of the materials and shortening their molding cycle, we have successfully broken through the traditional scenarios. The products have been applied in medicine, toys and other fields with high added value.
- We have developed PLA-specific modified materials for high-speed 3D printing. The molding efficiency of these materials has been significantly increased, realizing energy conservation, carbon and emission reduction. The printing speed is 10-fold higher than the conventional printing speed and takes the lead in the world.
- We have developed the world's first 100% bio-based PBS materials for contact with food, and passed DIN CERTCO's biobased certification.

Advanced materials

Special engineering plastics

- We have broken through several key technologies for industrializing Polyaryl ether sulfone, and met the project expectations for equipment with a production capacity of ten million tons.
- We have constantly optimized the applications of our products such as highly electrically safe halogen-free flame-retardant semi-aromatic polyamide, high-strength coolant resistant semi-aromatic polyamide, highly heat-resistant LCP, and extrusion grade special polyamide in the core components of new energy vehicles, including batteries, motors, electronic control units, thermal management systems and charging piles. Breakthroughs have been made in our leading customers of that industry.
- The series of conductive LCP developed by us has been unprecedentedly applied by several domestic and foreign mainstream customers' high-speed high-frequency connectors, which have filled up the blank in China. We have optimized and upgraded the flame-retardant semi-aromatic polyamide and highly heat-resistant LCP, having made breakthroughs in their applications in low-voltage electric appliances, relays, motors, and cooling fans, which have become our new growth points in the electronic and electrical applications.
- Breakthroughs have also been made in the superb electrical properties and aging resistance of the latest high-temperature nylon, which has been successfully applied in the field of new energy vehicles.
- We increase our resource inputs in the underlying research on low costs and flame retardancy, constantly break through the bottlenecks in flame retardancy and enhance our competitiveness in thermoplastic composites in the industry of new energy vehicles.
- We have developed a type of strips with high appearance consistency that contains 80% glass fiber, to enhance our capacity for market development and technical application in respect of thermoplastic composites.
- A type of thermoplastic prepreg strips and composite sheets with high appearance, quality, and thickness uniformity has been successfully applied in the industries of new energies and cold chains, etc.

Green petrification

- We have developed a one-step method for direct production of modified ABS, functional ABS products, and products with high content of SAN along with high impact resistance, flow, luster, and weather resistance, which are recognized in the market.
- The pilot COC equipment independently developed by us manufactures COC products, and we have constantly improved the product properties by continuously optimizing their production process.
- We have independently developed a hydrogen filling process to facilitate the industrialization of hydrogen purification, and sell high-purity hydrogen.

Medical health

- Domestic products with technological "bottlenecks", including NC films and fabrics made via flash distillation, have been put into pilot production, and laid a solid foundation for subsequent mass production.
- The integrated biodegradable personal protective equipment, in-situ anti-bacterial melt-blown products, highly biodegradable nitrile gloves, second-generation ultra-soft gloves, accelerator-free gloves, and other high-tech products have been launched in the market and highly recognized by the customers.
- We have developed new products such as ultra-low temperature-resistant cryogenic storage tubes, highly hydrophilic filtration materials, and highly chemical-resistant nitrile gloves, to satisfy the high-end market needs.

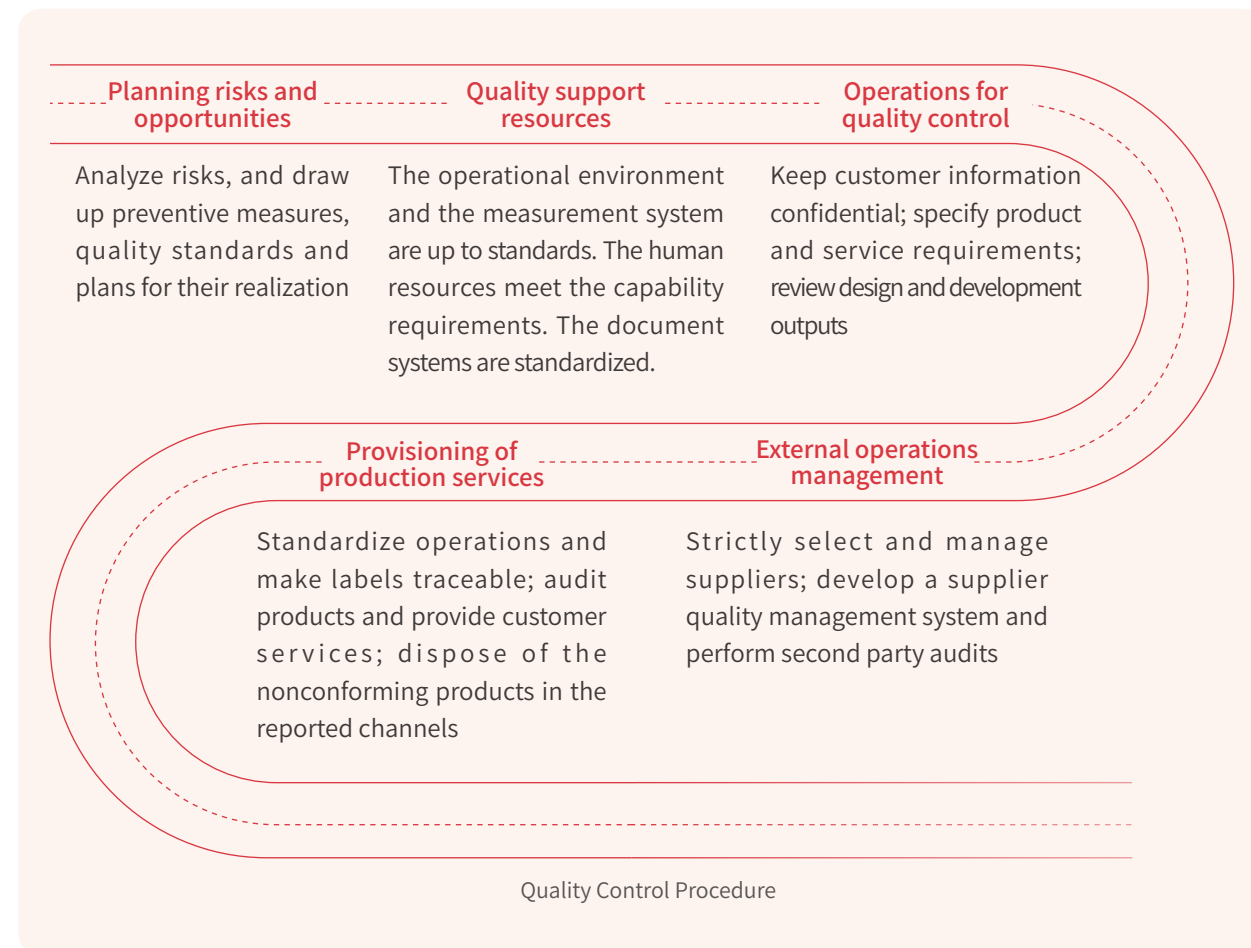


Product quality and safety

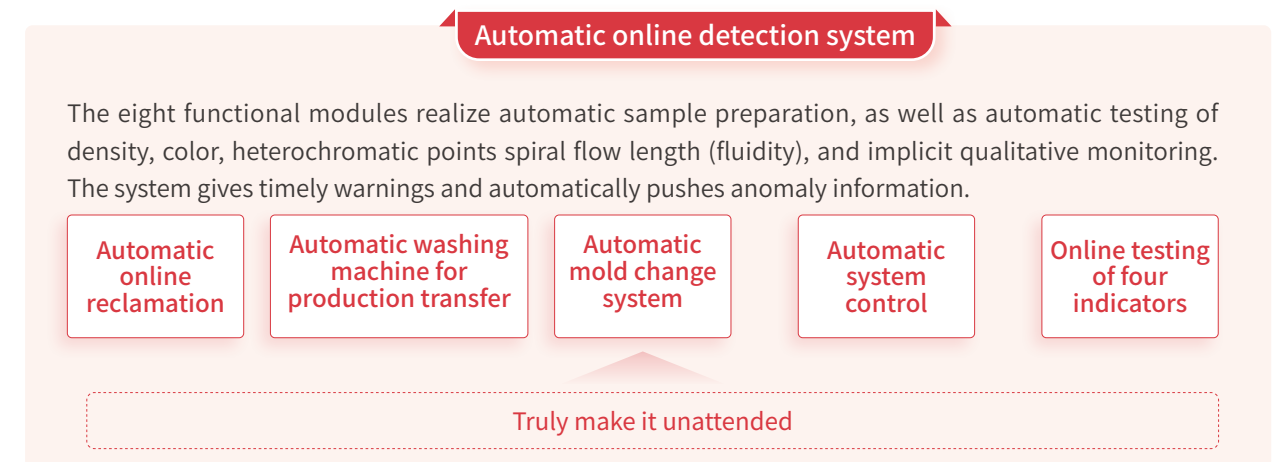
Upholding "maintaining survival based on standards, becoming powerful in reliance upon the quality and taking the customers first", the Company standardizes the closed-loop PDCA management by guaranteeing "availability, usefulness, quality, and superiority of the standards". We promote lean quality management and stabilize our product quality, to build the brand of Kingfa with "Kingfa-specific quality", and satisfy and exceed customer expectations.

| Quality Control over Processes

The Company has established quality control systems such as *Quality Manual and Incoming Inspection Procedures* and formulated quality control measures for the whole process of products to ensure that the quality meets the prescribed standards in all links, stabilize the shipment quality, and ensure product safety. During the reporting period, the Company and its 17 subsidiaries or production bases passed the ISO 9001 Quality Management System Certification. The Company and some of its subsidiaries or production bases passed IATF 16949, GMP, ISO 13485, 5GONOGO, and other quality system certifications.

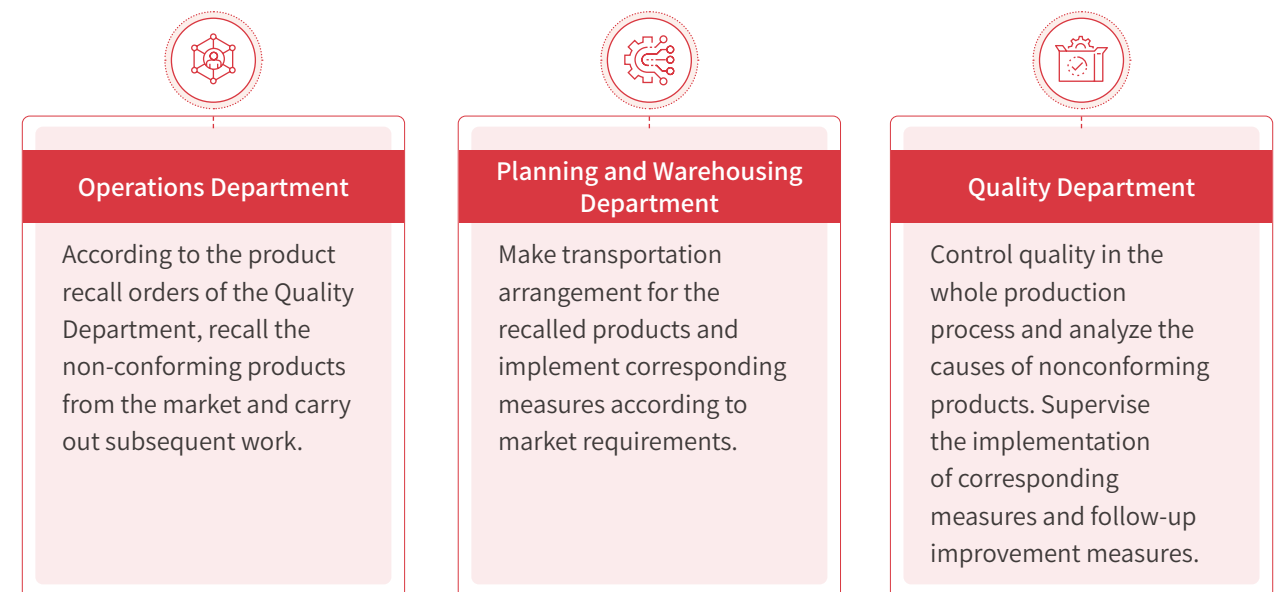


The Company uses online automatic detection equipment in the production process. The equipment has been independently developed by the Company, which has independent intellectual property rights in the equipment. The equipment is the industry's first quality detection tool. Based on AI identification, IOT, intelligent hardware design, and modification of intelligent monitoring equipment, the equipment fulfills four core detection indicators. The detection cycle is about 5 minutes, and the stability of the production process is monitored in real-time, to increase the utilization rate of the production line, reduce the overall detection costs, and perform the detection procedures with the involvement of fewer personnel. Besides, the equipment is subject to post-cluster management. A distributed network architecture for automatic online monitoring is built through micro-services and other methods to increase the reliability and responsiveness of the system.



| Product Recall

The Company prevents and averts recall risks ahead of risk analysis. We standardize the after-sales product disposal process, specify the recall process and the responsible department in the *Quality Control Specifications for Product Shipment*, and incorporate on-site product return and recall data into our performance indicators related to customer satisfaction to protect the rights and interests of customers responsibly. Since its establishment, the Company has not experienced any recall.



Product Recall Procedures

Management of Hazardous Substances

The Company consistently guarantees product safety, strictly controls the use of hazardous substances in products, and establishes a safety assessment mechanism for hazardous substances to ensure that the production process complies with regulatory requirements and delivers products and services up to high standards. During the reporting period, the Company and its two subsidiaries obtained the QC 080000 Hazardous Substance Process Management System Certification.

The Company has formulated the *Technical Standards for the Control of Hazardous Substances*, to specify the substances prohibited from being used in raw materials, prevent the hazardous substances from being mixed into the Company's products, ensure compliance with laws and regulations, protect the environment of the earth and mitigate the impacts on the ecosystem. We have continuously updated our control list of hazardous substances in raw materials, conducted a thorough investigation of the risks of hazardous substances in the supply chain, identified a total of 17 risks, and drafted a control plan for the reduction of hazardous substances to achieve product safety compliance and reduce the use of hazardous substances and substances of very high concern. Ningbo Kingfa has replaced the two hypertoxic reagents required for the assays during the laboratory analysis, thus reducing the on-site safety risks. If the hazardous chemicals involved in each operation stage are replaced by those with intrinsic safety, all the chemicals have been optimized.

Disposal of Hazardous Substances by Level

Immediately ban corresponding target substances and their uses in the products. Such substances are banned from addition to any articles, and the content in each product component must meet these control requirements or special customer requirements. However, the approved recognized projects may be exempted from these requirements.

Deemed harmful to human body and environment, they are banned from use after the specified date. If the suppliers utilize such substances in the production process, it is necessary to consider and draw up plans for reducing and gradually replacing these substances.



The substances are considered to be harmful to the human body and environment, but at present, the prohibited period of use is not specified, and the suppliers need to pay attention to the use of such substances. Level III controlled substances will automatically be converted into Level II with the promulgation of relevant new regulations.

Control List of the Company's Common Hazardous Substances

Control level	List of substances	Control method
Level I	1,2-Bis (2,4,6-tribromophenoxy) ethane, 4,4-Sulfonyldiphenol, barium borate, 3,4,5,6-tetrabromobenzene-1,2-dicarboxylate (including any separate isomers and/or their combinations, 2-methylpropylester 4-hydroxybenzoate, perfluoroheptanoic acid and its salts, reactants of 2,2,3,3,5,5,6,6- octafluoride-4 (1,1,1,2,3,3,3- isobutyl 4-hydroxybenzoate -2-yl) morpholine and 2,2,3,3,5,5,6,6-octafluoroalkyl -4-(heptafluoropropyl) morpholine, diphenyl (2,4,6-trimethylbenzoyl) phosphine oxide, 4,4-dichlorodiphenyl sulfone, 2,4,6-TTBP, 2-[2-hydroxy -5-(1,1,3,3-tetramethylbutyl) phenol] benzotriazole (UV-329), 2-(dimethylamino)-2-[[4-methylphenyl) methyl]-1-(4-morpholin-4-ylphenyl) butan-1-one, methoxychlor, Dechlorane Plus and mineral oil	Prohibited
Level II	Isopropylphenyl phosphate and PFAS, etc.	Alternative
Level III	Tetrabromobisphenol A, Melamine, 2-(5-chloro-2H-benzotriazole-2-yl)-6-(1,1-Dimethylethyl)-4-methylbenzenol, and oligomerisation and alkylation reactants of isopropenyl benzene and phenol	Restricted

The Company enters into environmental protection agreements with suppliers, clarifies the list of different environmentally controlled substances to the suppliers, and requires the suppliers not to use these substances. In addition, the Company separately reviews the prohibited substances in assessing the new and qualified suppliers. In case they fail in the review of prohibited substances, the suppliers will be required to complete rectification and undergo further assessment within one month. If the suppliers remain unqualified in the further assessment, new suppliers will not be introduced, and original suppliers will directly become disqualified.

The National Industrial Innovation Center has built a characteristic green laboratory and formulated control procedures for laboratory tests to ensure the effectiveness of test and analysis results, reduce test and analysis errors, and guarantee the desirable accuracy and credibility of the test data.

Green laboratory of the National Industrial Innovation Center



Environmental safety assessment laboratory

Build a quality control platform for the entire industry chain so that the polymer industry chain may control and evaluate environmentally harmful substances from the source, ensure that the content of harmful substances in products meets international standards and regulatory requirements, and makes sure of supplying safer and more compliant products



Environmental reliability laboratory

Complete thermo-oxidative aging, photoaging, and damp heat aging of different polymers under specific experimental environments, and test the changes in their properties to evaluate the long-term application safety and applicability of the materials. With a mature aging laboratory environment, it is capable of tracking and monitoring the aging performance.



Green sustainable development laboratory

Provide the enterprises of the polymer industry chain with "one-stop" solutions to application technologies of recycled plastics, carbon footprint calculation, performance evaluation, and life evaluation solutions, including supply of green and low-carbon products, identification of recycled plastics, corporate carbon inventory, product carbon footprint accounting and other product lifecycle services.

Development of Quality Cultures

We attach great importance to the overall quality building of our teams and conduct internal quality-related training to satisfy our needs for high-quality development and global quality talents. Externally, we publicize our quality cultures. As a representative outstanding enterprise, the Company shares quality management experience, tells corporate brand stories, spreads excellent quality culture, creates the brand "Kingfa", explores new paths and new drivers for Kingfa's technical quality innovation and brand building, and supports its development strategies with one hundred billion.

During the reporting period, to meet the needs of the company's high-quality development and global quality talents, the Company further improved the training plan for quality talents, and established corresponding training project systems for campus recruitment, onboarding, novice, and other core stages. We continuously pay attention to our employee growth, build a team that is "able to fight and win", and improve the professional quality skills of the team.



Induction Training

Topic research



Pre-job training

Learning about what should be known



Cultivation of quality stars

Spark plan



Cultivation of core quality talents

Golden Shield Program

Internal quality training system

Case Golden Shield Program



Regarding the cultivation of core quality talents, the Company launched the Golden Shield Program (Phase 1) during the reporting period, selected core 54 quality backbones from its bases, and organized a total of 5 training sessions, 14 courses, 9 practice tasks, and 4 special surveys within one year. The Golden Shield Program was smoothly completed, and we accumulated valuable experience for the subsequent training of high-end quality talents.



Golden Shield Program

Case Remarkable quality action results release in Guangzhou



In September 2023, the Company participated in the "Kickoff Ceremony of 2023 Guangzhou Remarkable Quality Action Results Release and Quality Month" with the theme of "Guangzhou Brands of Wonderful Quality" held by the Guangzhou Municipal Quality Improvement Work Leading Group Office. On the event site, the typical cases in chief quality officers' corporate quality reform and innovation were released. The Company was included in the list of such typical cases of Guangdong Province in 2023. Evaluated as Top 30 with an outstanding short video on the "Guangzhou Brand Stories", the Company received the award as one of 10 award-winning representative companies.

One representative attended the event upon invitation and made a speech: "Excellent quality is inevitable for an enterprise. In operations management, we've found that there are contradictions and conflicts between the customized needs of our customers and our large-scale production mode. Through innovative quality and standardized management, the needs and the production mode have been organically integrated. We have built and implemented a "rigid and flexible" quality management model, to create a wonderful life."



"Guangzhou Brand" Award Ceremony



The Company's Selection as a Typical Case of Chief Quality Officers' Quality Reform and Innovation in Guangdong Province in 2023



Brand Story of KINFA Evaluated as One of Top 30 Excellent Short Videos on "Guangzhou Brand Stories"

Customer services

Focusing on customer services, we maintain in-depth cooperation with our customers, in an attempt to build a first-class marketing platform. Through the world's leading technical R&D platforms and reasonably distributed global marketing networks, we provide our customers of different industries with overall cost-effective customized material solutions.

Production model

"Production based on sales" is our major production model. Specifically, the customers put forward order requirements such as product performance and functional requirements. The Company organizes product production, inspection, and delivery according to market conditions, inventories of raw materials and products, and equipment status.

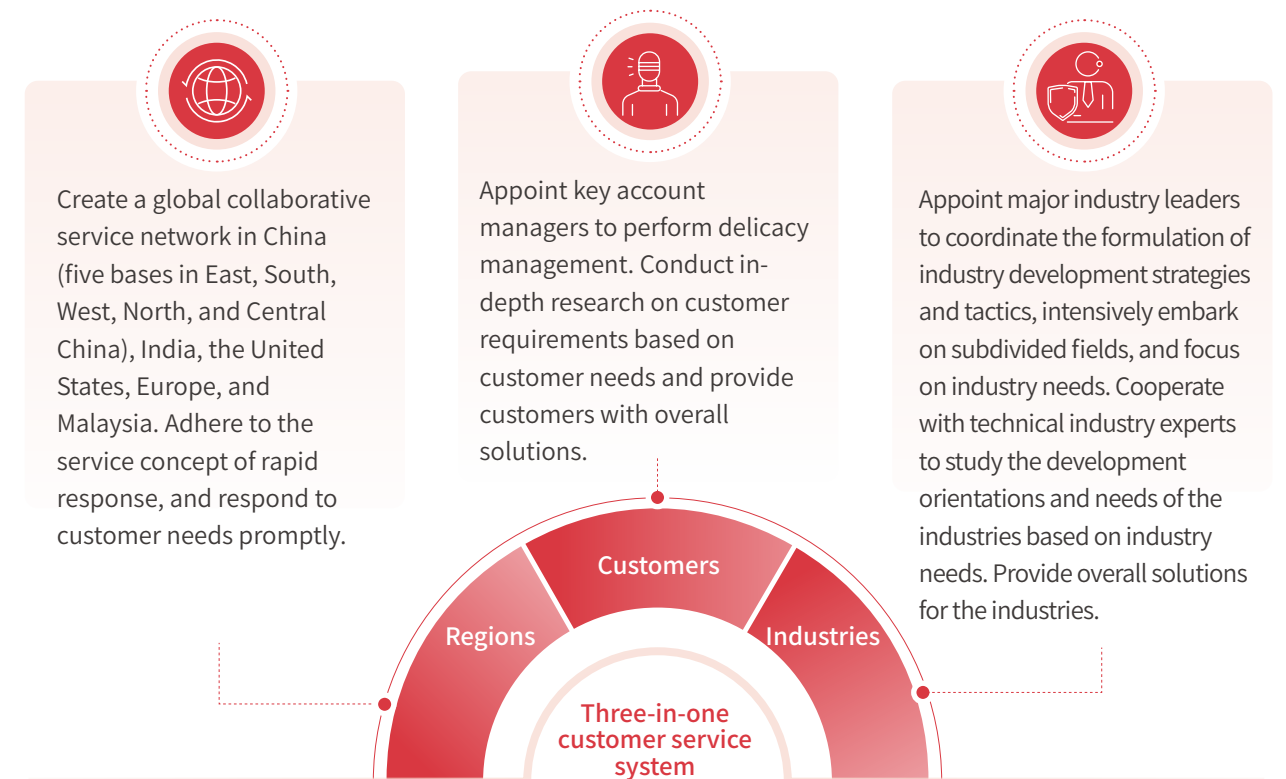
Sales model

The sales model is mainly oriented by market trends and customer needs. While selling products, the Company also needs to provide comprehensive technical support services for downstream customers. This business feature contributes to the Company's selection of direct selling as its major sales model.

Customer service model

| Improvement of the Customer System

Adhering to the marketing concept that "orders are commands and contracts prevail", the Company creates a global collaborative marketing network around customer needs, develops a customer service system integrating regions, customers, and industries, and empowers regional operations through industry development and key customer traction.





Case Cooperative R&D of plastic alternatives for upper battery caps

The Company cooperated with CATL to develop the world's first ablation-resistant injection molded upper caps for power battery packs, replacing steel with plastics. The two companies cooperate based on projects. They conducted several studies on patent layout and long-term performance, achieving weight reduction by over 50%, high-efficiency production, and cost reduction. Our marketing team has conducted many exchanges with our customers on ablation-resistant materials and guided the core personnel of our customers to jointly develop products with us. These products have been successfully put into mass production. We have provided brand new advanced solutions to continuous weight reduction, energy saving, efficiency improvement, and improvement of energy density for the power battery pack boxes. In 2023, this project won the "Foresight - Equipment, Process and General Gold Medal" of the Eighth Lingxuan Award for the Chinese Automobile Industry.



"Foresight - Equipment, Process and General Gold Medal" of the Eighth Lingxuan Award 2023



Case Strategic cooperation and exchange

In 2023, the Company conducted strategic cooperation and exchanges with customers, created a green and low-carbon supply chain, and expanded the cooperation between the two parties on a global scale.



Strategic cooperation and exchange

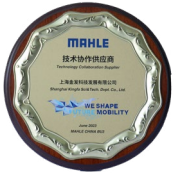


Honors in customer cooperation

Dongfeng Nissan - the 20th-anniversary Partner Award



MAHLE China - Technical Cooperation Award for a Supplier



Inteva China - 2023 Excellent Service Award



Interactions and Exchanges with Customers

The Company has formulated customer service systems such as *Customer Complaint Management Regulations* to provide customers with prompt services before, during and, after sales, quickly standardize the process for handling customer complaints, respond to customer demands promptly, and improve customer satisfaction with its products and services.

- Transparent**
Information on how and where to file a complaint shall be disclosed to the customers, employees and other interested parties.
- Responsive**
Inform the complainant in a timely manner after receiving a complaint and deal with it dependent upon the degree of urgency. Treat the complainant politely, and inform the complainant of the complaint handling progress.
- Free**
Make the complaint handling process open to the complainants free of charge
- Focus on customers**
Be committed to adopting a customer-focused approach to make feedback (including complaints) public and address complaints with actions.
- Convenient**
The complaint handling process is easy to operate. Detailed information about complaints and complaint handling can be obtained and clearly expressed.
- Confidential**
When necessary, the personally identifiable information of the complainants shall not be disclosed without the consent of the customers or the complainants. Take the initiative to avoid disclosure of such information.
- Fair**
Treat all complaints equally, fairly and impartially.
- Responsibilities**
Ensure establishing accountability and reporting systems for complaints handling and decisions.
- Continuous improvement**
The complaint handling process and continuous improvement of product quality are eternal organizational goals.

Guiding principles for handling customer complaints

Emergent	Urgent	General
Offer an emergency response within 8 hours, and provide the investigation results within 2 workdays. In case of any anomaly, contact the superior or the complainant in time to give an explanation.	Offer an emergency response within 12 hours, and provide the investigation results within 2 workdays. In case of any anomaly, contact the superior or the complainant in time to give an explanation.	Handle the complaint normally, and offer an initial reply or suggestions within 1 workday. Make the final suggestions on how to handle the complaint within 3 workdays. If the customer puts forward special requirements for time, reply within the time limit specified by the customer. Promptly report the anomalies to the complainant in the process of complaint handling if any.

Graded responses to complaints

Customer feedback channel

Tel:+86(020)-66818888 **Address:** 33 Kefeng Road, Science City **Official Account:** Kingfa Advanced Materials
Fax:+86(020)-66848888 **Postal Code:** 510663

Case Customer satisfaction statistics

During the reporting period, the Company statistically analyzed the customer satisfaction among the key customers, particularly customer satisfaction with delivery, and invited the customers to score the actual performance of the Company's order delivery and services during the reporting period. The satisfaction questionnaire survey was carried out twice a year. Each time, analysis is performed for improvement and closed-loop tracking based on the customer evaluation results. According to statistics, customers were relatively satisfied with our services, with an average score of 91.9 points in customer satisfaction with delivery in the first half of the year. In the second half of the year, the Company made targeted improvements to the customer satisfaction evaluation for the first half of the year. The average score in customer satisfaction was 92.9 points in the second half of the year, and customer satisfaction was further improved.

Capacity building for service personnel **Continuous improvement of responsiveness to orders** **Improvement of customers' Delivery Experiences**

Measures for Improving Customer Satisfaction

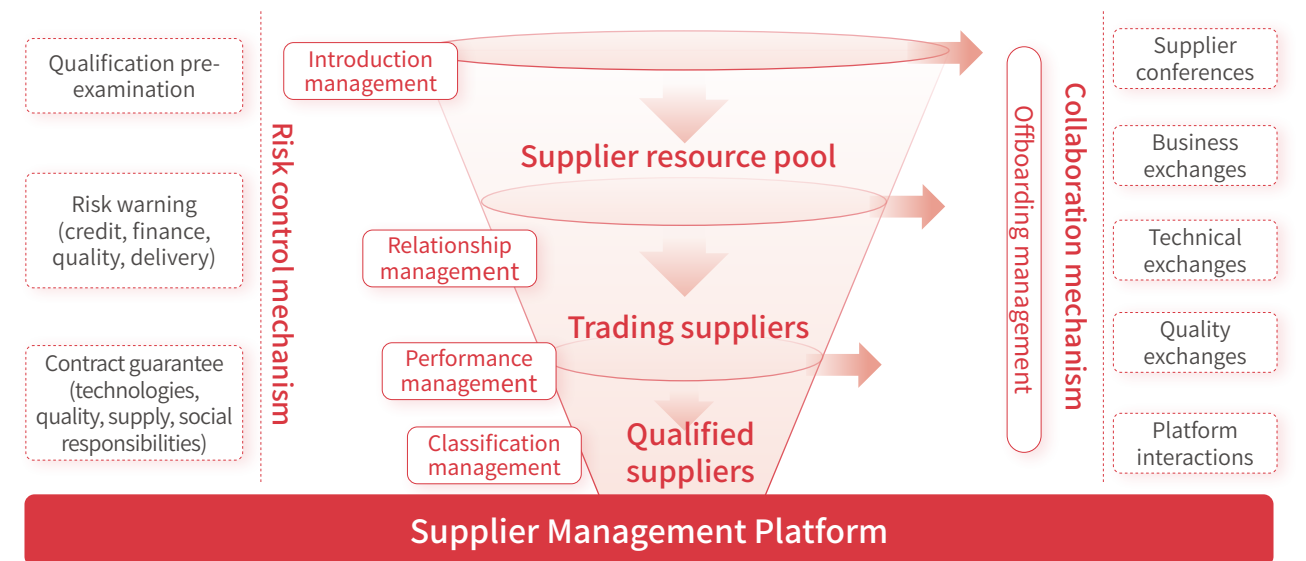
| Responsible Marketing System

Our marketing activities comply with the *Advertising Law of the People's Republic of China*, other relevant laws and regulations, as well as our internal audit system. We strictly control and review external marketing information, to prohibit their exaggeration or distortion. All our marketing and publicity-related materials must be jointly approved by the Marketing Center, the Securities Department, and the Corporate Publicity Department before they are officially made public, to ensure that the publicity content is legal and compliant. We have also formulated corresponding management requirements and labeling procedures for product identification, to standardize our identification. As of the end of the reporting period, the Company had not received any litigation or violation penalties related to product identification.

Sustainable supply chain

| Supplier Management System

The Company has established and improved the supplier lifecycle management system, built a supplier management platform, formulated differentiated supplier introduction rules and daily management models based on its management needs for different segments and varieties, and performed visual management of the businesses with the aid of the platform. We pay close attention to the construction of our suppliers' quality systems and environmental and social responsibility systems, mobilize resources to empower the suppliers, continuously optimize our supplier management, improve the supply chain efficiency and flexibility, and ensure our smooth production.



Supplier management

Onboarding management

Formulate supplier introduction rules to standardize the selection and management process of new suppliers. Establish differentiated supplier introduction standards based on the needs for category management, to strictly control supply risks, evaluate upstream supply capabilities, and accommodate the needs for resource reserve and optimization.

The Procurement Department conducts a pre-qualification review for all potential suppliers. The raw material suppliers shall at least pass ISO 9001 certification, and attention is paid to the suppliers certified by ISO 14001, ISO 45001, and other relevant systems. Conduct on-site audits when necessary. Comprehensively evaluate the suppliers' operation status, production capacity and, management, to improve their overall qualification.

Audit management

Formulate the *Supplier Audit Management Regulations* and conduct routine audits for key suppliers according to the audit plan. Evaluate whether the suppliers' management systems remain effective and are continuously improved. Audit problematic suppliers to evaluate the effectiveness of the suppliers' problem improvements, to eliminate the suppliers with supply risks promptly.

Performance management

Formulate the *Supplier Performance Management Regulations* and continuously pay attention to the suppliers' performance in delivery, quality, and services, Output the overall performance results of the raw material suppliers every quarter and put them into practice. Provide the suppliers with corresponding incentives, rewards, and punishments for the suppliers with different performance levels (A-D). Improve the efficiency of the supply chain, and realize the differentiated demonstration of supplier value.

Classification management

In combination with supplier performance and category management strategies, formulate supplier classification rules, output strategies, as well as differentiated management measures for bottlenecks, collaboration, and general suppliers. Establish targeted management measures for strategic and bottleneck suppliers. Set integration goals for the general suppliers, and promote continuous optimization of supplier resources. Achieve precise allocation and effective integration of resources.

Risk Management

Closely track the political, military, economic, climatic, and other trends in different regions of the world. Identify risk factors and draw up risk plans in advance. Adjust procurement and inventory strategies promptly, including increasing raw material reserves, locking raw material orders in advance, and making early preparations for raw material substitution. Eliminate potential adverse effects of risks.

Establish an early warning mechanism for high-risk raw materials, and keep informative about the supply chain by continuously tracking the production status of upstream suppliers and signing four major agreements with the suppliers, including supply agreements, quality assurance agreements, environmental protection agreements, and technical agreements.

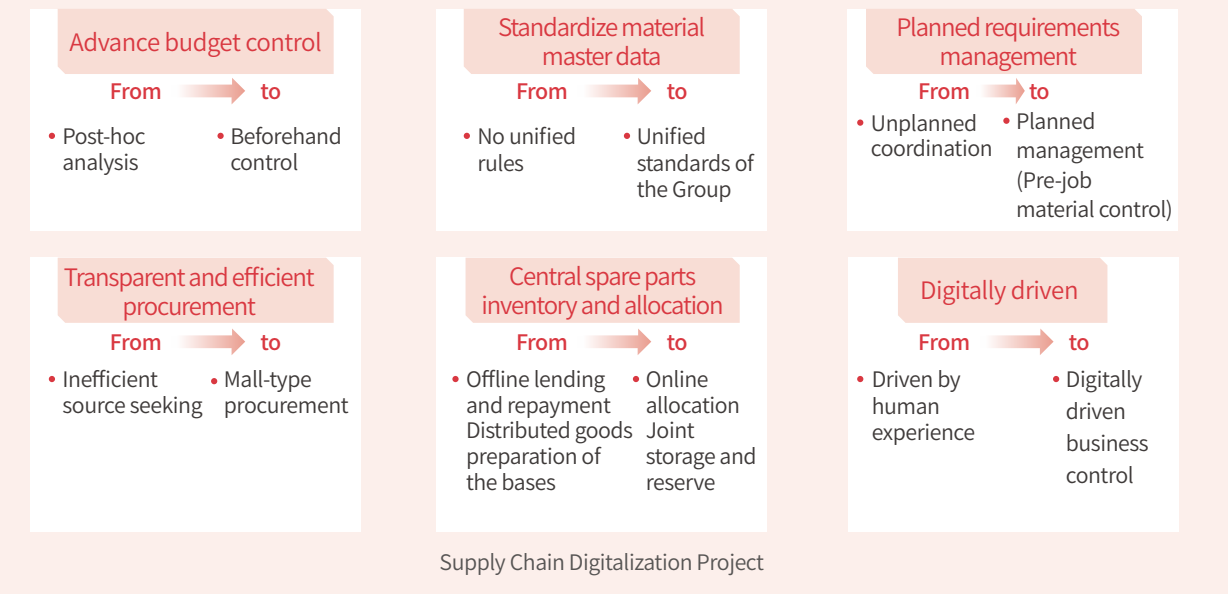
Collaboration management

Supplier conferences, technical exchanges, daily business exchanges, quality exchanges, and platform interactions, etc.

Case

Digital supply chain transformation project

We continuously promote the application of the SRM system, and nearly 100% of suppliers have been connected to the system for management, to strengthen the overall audit efficiency, ensure that records are searchable and traceable, promote the systematization and standardization of our annual supplier audit, and realize transparent procurement. In August 2023, our digital end-to-end management transformation project not for raw materials was initiated. We established an end-to-end management system not specific to raw materials for the whole process (including budget, demand, planning, order placement, procurement, inventory, and accounting), and a mall management mechanism for continuous launching, to realize transparent procurement in e-commerce and digital driven management. These systems were formally launched in January 2024.



Environmental and Social Responsibility Management

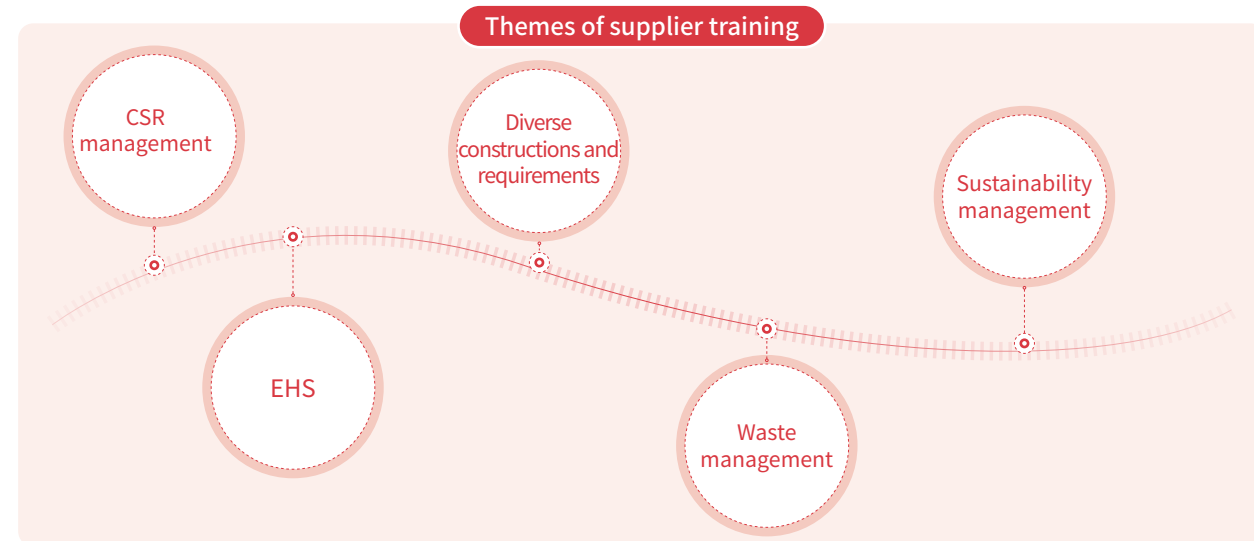
The Company works closely with the suppliers to jointly remain committed sustainable development goals and create to sustainable value. Use the official platform of the SRM system to conduct training on sustainable development for the suppliers. Perform sustainability risk assessments and supplier audits on their environmental and social responsibilities through written materials to identify the suppliers' ESG performance, and plan corresponding sustainable corrective actions to ensure that the sustainability management of the supply chain is fully implemented.



During the reporting period, the Company conducted surveys on corporate carbon management of 88 suppliers. Among them, 86 suppliers replied, 28 suppliers carried out carbon footprint verification within Scope 1 and Scope 2, and 16 suppliers verified the carbon data of Scope 3 products. We plan to incorporate the relevant requirements of the non-quality system into the SRM system in 2024 to publicize them to our suppliers and guide the suppliers to learn about these requirements.

Supplier empowerment

The Company attaches great importance to improving the suppliers' capabilities and is committed to coordinated development with suppliers. We maintain close communications and exchanges with our suppliers by holding supplier conferences, conducting supplier training, and implementing supplier support projects to achieve mutual benefits and win-win.



Case Annual supplier conference

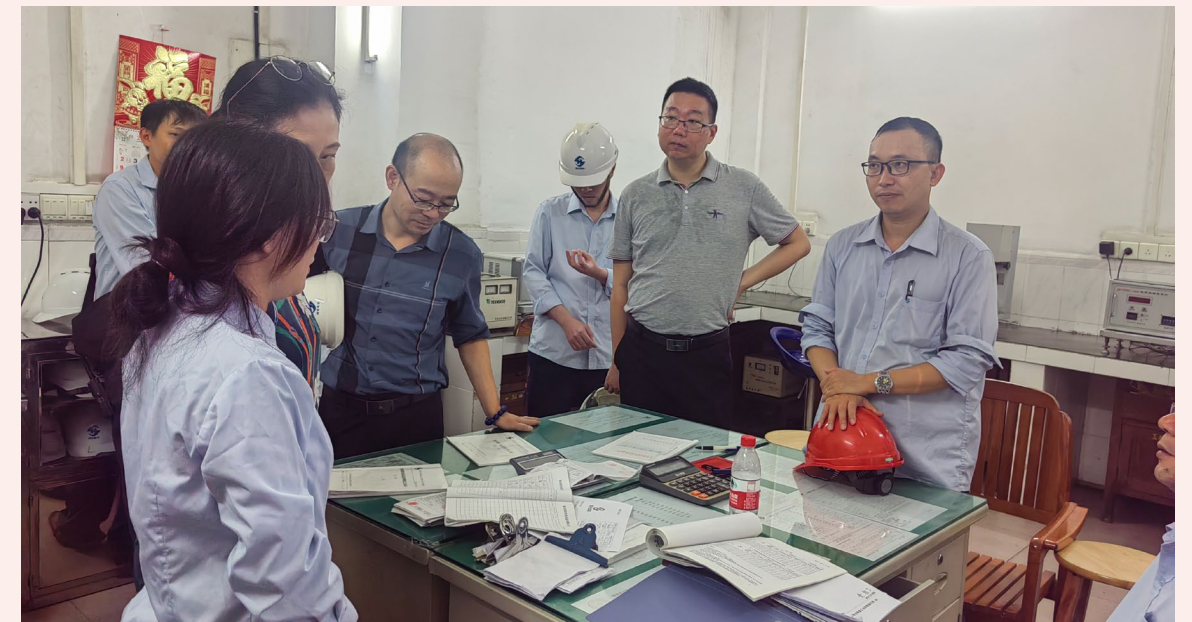
In December 2023, the Company held a supplier conference around the theme of "Deepening Collaboration, Winning the Future with Quality". More than 400 supplier representatives from different parts of the world attended the conference to jointly facilitate the sustainable development of the industry. At the meeting, General Manager Li Nanjing and other leaders presented awards to the suppliers winning the 2023 Gold Strategic Supplier Award, Excellent Supplier Award, Best Growth Award, Excellent Performance Award, Technical Cooperation Award, and Collaborator Award. Besides, General Manager Li Nanjing made a summary of the conference: "Suppliers are our vital partners. The strengths of the suppliers and the closeness of supplier relationships largely determine our cost competitiveness and risk resistance. We hope to deepen collaboration with our suppliers and friends, jointly promote business digitalization, and achieve information exchange, mutual promotion, and vertical linkage in terms of collaboration. We achieve co-construction, sharing, common growth, and result sharing in terms of resources; flexible reliability, cost control, and risk sharing in terms of supply; offer each other trust and support and complement each other's strengths in terms of development, to jointly open a new chapter for high-quality development."



Annual Supplier Conference

Case Supplier support improvement project

In May 2023, the Company found that a certain batch of 150 powder contained iron filings. After spot checks, considerable iron filings were also found in the remaining inventories of 150 powder. We actively contacted the supplier to return the problematic inventories and asked the supplier to suspend its supply for rectification. Besides, the Company guided the supplier to analyze the causes according to the 5M1E method - the most fundamental investigation method. We communicated with the supplier on site, guided the supplier to focus on the key points, and assisted the supplier in formulating short-term and long-term improvement measures to promote implementation. After the supplier's rectification, we promptly followed up on and evaluated the results. In August, the supplier's normal supply was resumed. As at the end of the reporting period, no similar quality anomaly occurred to the supplier.



Communication with the Supplier on Site

Contractor management

Upholding that "one who is in charge shall be responsible", our Project Department or Procurement Department reviews the safety qualification of the contractors, investigates the legality, adaptability, reliability, technical qualification, and safety assurance of the contractors, and submits the results to the Office of the Work Safety Leading Team's Office for filing. Before a contractor's entry, the Company issues the *Contractor's Internal Operating Safety Instructions* to the contractor and signs the *Contractor's Safety, Environmental Protection, and Occupational Health Management Agreement* with the contractor to clarify the safety responsibility of the contractor for its personnel and projects. To guarantee the project safety, all personnel of the contractors shall receive safety education and training before their entry, and the Project Department dispatches safety management personnel to supervise daily safety inspections on site. If the contractors violate the safety rules and regulations inside the Company and cause accidents, the accident investigation and handling shall be carried out according to our accident investigation procedure.

Facilitation of the Industry Development

As a leading enterprise within the industry, the Company always firmly believes in the positive value of cooperation and sharing for the sustainable development of itself, the industry, and society during innovations. To facilitate the industry win-win, we cooperate with our domestic and overseas associates, and upstream and downstream enterprises to exchange and learn about new opportunities and achievements in the development of the industry. We actively undertake the responsibilities of industry associations, promote the formulation of industry standards, carry out in-depth exchanges and scientific research project cooperation with universities, and guide the future development trend of the industry with technological innovations.

Joint industry advancement

To promote joint construction and win-win in the industry, we actively participate in exchanges, exhibitions, and other activities related to materials and sustainable development, and realize the coordinated development, mutual benefit, and win-win of the industry through intuitive and high-quality exchanges.



In January 2023, the Company attended the International Forum for the Extended Producer Responsibilities of Chinese Manufacturers of Automotive Products and obtained the license granted by the branch chairman of CAPRO.



The Company's Participation in the 2023 CEO Roundtable on Circular Economy of the Chinese Plastics Industry in May 2023

Case The Company sponsored an ESG forum and initiated a brand new mode of thinking for sustainable development of the plastics value chain.



In June 2023, the "2023 ESG Development Summit of the Plastic Value Chain" hosted by the Company smoothly came to an end in Shanghai. Li Jianjun, the Company's chief scientist, released the Company's 2022 ESG report on the spot, focusing on the Company's strategies, performance, and investment in green and low-carbon cycles. During the forum, the elite representatives from different institutions and enterprises discussed the current situation and trends of ESG in the form of keynote speeches, keynote reports, and roundtable discussions, and jointly explored the strategy and realization path for the sustainable development of the plastic value chain.



Roundtable Discussion of the Forum

Case The Company took part in the International Exhibition on Plastics and Rubber Industries to jointly communicate about and display the green low-carbon solutions and enter into cooperation contracts with international enterprises.



In April 2023, "CHINAPLAS 2023 International Exhibition on Plastics and Rubber Industries" was held in Shenzhen. The Company focuses on displaying diversified innovative technologies, green and low-carbon solutions, and one-stop services. At the exhibition site, the Company also entered into a cooperation agreement with Tuv Rheinland (Shanghai) Co., Ltd. on the spot, reached an agreement on photovoltaic materials, components, and testing services, and was awarded the Commercial Material Certificate for photovoltaic materials by TÜV Rheinland, which verified that the products of the Company satisfied the legal and regulatory requirements for corresponding photovoltaic products in terms of performance and safety specifications.



Exhibition Area of the Company in CHINAPLAS



Concluding a Cooperation Agreement with TÜV Rheinland

Case The National Industrial Innovation Center attended the CMF Forum to share experience related to carbon neutrality of organizations and products.



In March 2023, the "Bio-based & Environment-friendly Materials and CMF Forum" sponsored by the Organizing Committee of the International CMF Design Conference and Shenzhen Industrial Design Association was held in Shenzhen. Wu Bo, the general manager of the Company's National Industrial Innovation Center, attended the forum and made a report on the theme of "Corporate Green Environment-friendly Applications - Policy Guidance on Carbon Footprints", and shared the organizational carbon management, product carbon footprints, calculation methods for evaluating indicators of carbon neutralization results and practices.



Experience Sharing in the CMF Forum

Case The Company took part in the CMEF Exhibition, to set an example in industry of safety and healthy green products.



In May 2023, the opening ceremony of the 87th China International Medicinal Equipment Fair (CMEF) was held. The Company displayed masks, gloves, surgical gowns, degradable products, disinfection, sterilization, and other health protection products at the exhibition, and conducted in-depth exchanges with the associates and customers, which demonstrated the Company's remarkable technical strengths and emphasis on customer experience, as well as the spirit of green environmental protection, thus setting an example for the development of the industry.



Display of Degradable Products at the CMEF

| Standard Setting

Guidance by high-quality standards is a key factor for innovation and sustainable development of an industry. Since its establishment, the Company has actively formulated relevant national, industry and group standards for polymers, modified plastics, recycled plastics, and bio-based materials, etc. We have participated in formulating 190 standards to promote the sound development of the plastics industry.

As the secretariat of the TC48WG4 of the National Plastic Products Standardization Committee, the Company continued to deeply participate in the formulation of industry standards during the reporting period, covering several international, national, and social organization standards, all of which were released during the reporting period.



Case The Company and Automotive Data of China Co., Ltd. organized a standard seminar to standardize the use of recycled plastics for vehicles.

In March 2023, the Company organized a seminar on the *Specification for Use of Recycled Plastics for Vehicles* in Shanghai together with Automotive Data of China Co., Ltd., China Society of Automotive Engineers and China National Resources Recycling Association. More than 60 expert representatives from over 30 domestic and foreign- related upstream and downstream enterprises of the automobile industry chain attended the meeting. The Company shared practical experience on the key technologies of recycled plastics and the practical application of automotive products, and had a heated discussion with the experts present on key issues such as the terminology and definitions of technical standards, certification methods, supply chain management, and technical parameters. Many valuable opinions and suggestions were provided by the Company in combination with the situation of itself and the industry.



Site of the Standard Seminar

| Industry-academia-research cooperation

Guided by the need for industrial development, the Company actively promoted deep integration of industry, education and research. During the reporting period, the Company carried out scientific and technological project cooperation with the Hong Kong University of Science and Technology (Guangzhou), and performed some in-depth project research with Huazhong University of Science and Technology to promote the transfer and transformation of scientific and technological achievements, and the development of the industry through industry-academia-research-application.



Invited for an Interview in the Cooperation Project with Huazhong University of Science and Technology

Case The Company cooperated with the Hong Kong University of Science and Technology, to promote new technologies in the market.

The Company carried out scientific and technological project cooperation with the Hong Kong University of Science and Technology (Guangzhou) to make the technologies market-oriented, and carried out cooperation on ultra-thin super-strong diaphragms, seawater desalination and photocatalytic degradation reagent.



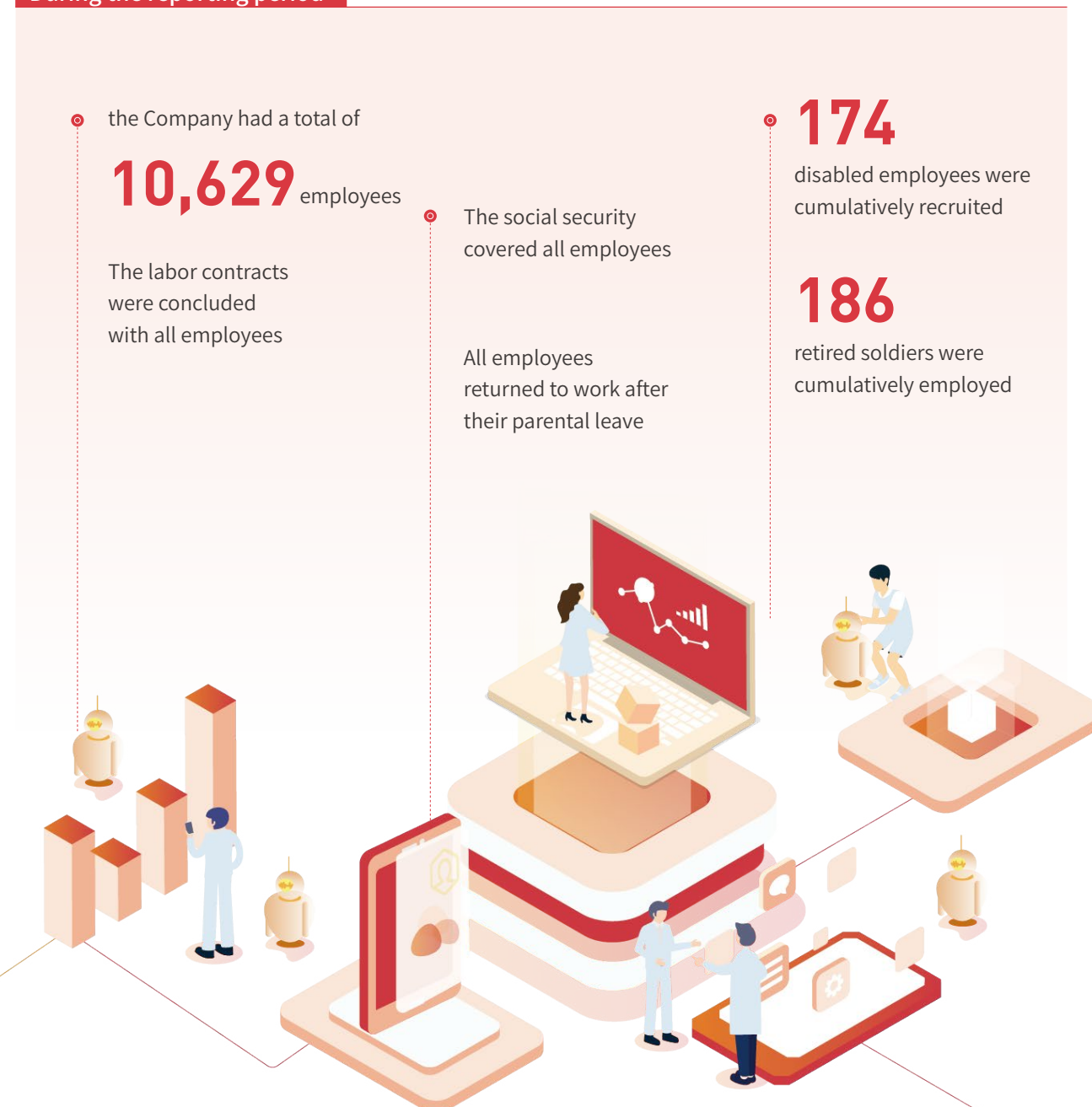
Cooperation with the Hong Kong University of Science and Technology

Equality, Inclusion, and Diversity

Being "people-oriented", the Company attaches great importance to the rights and interests of all employees, actively advocates and builds a diverse and inclusive corporate culture, provides all-round support for all-round development of the employees, and empowers the employees.

During the reporting period, the Company strengthened the human resource management and accurately controlled the human resources staffing, in order to steadily improve the efficiency per capita. In addition, the Company closely follows up on the business strategies and constantly explores the recruitment and training mechanisms of international talents, which further promotes its development.

During the reporting period



| Labor Protection for Female Employees

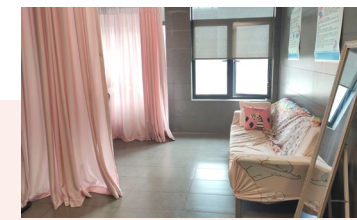
The Company actively develops and adheres to diverse and inclusive cultural concepts, pays special attention to the protection and improvement of the female employees' rights and interests, and emphasizes equality between men and women and equal pay for equal work. For this purpose, we have specially formulated the *Regulations on Labor Protection and Management of Female Employees*. These regulations aim to ensure that the female employees' rights and interests are fully protected at work, and prevent any form of infringement and discrimination. The Company has built a committee for female employees to protect the legitimate rights and special interests of the female employees in accordance with the law, including loving cabins for mothers and green channels for pregnant women to dine. We consistently uphold equality and impartiality, to create a safe, healthy and equal work environment for female employees.

As of the end of the reporting period

the female employees accounted for

14.6% of the Company's middle management and

10.4% of the top management.



Loving Cabin for Mothers



Green Channel for the Pregnant Women to Dine



- ### Recruit female employees
- Recruit the female employees according to labor protection policies and requirements;
 - The female employees are entitled to the equal pay for equal work as the male employees in their posts;
 - Maintain equality between the men and women in terms of job promotion, promotion, evaluation of professional titles, positions and training, and never discriminate against the female employees. Never restrict the female employees to participate in the aforementioned activities because of their pregnancy, childbirth or breast-feeding.

- ### Health preservation of the female employees
- Gradually improve the sanitary conditions for the female employees, and regularly organize professional institutions to assist with the female employees' health preservation;
 - Install water heaters and showers in the dormitories for female employees;
 - Organize regular physical examinations and gynecological examinations for all female employees to ensure their health.

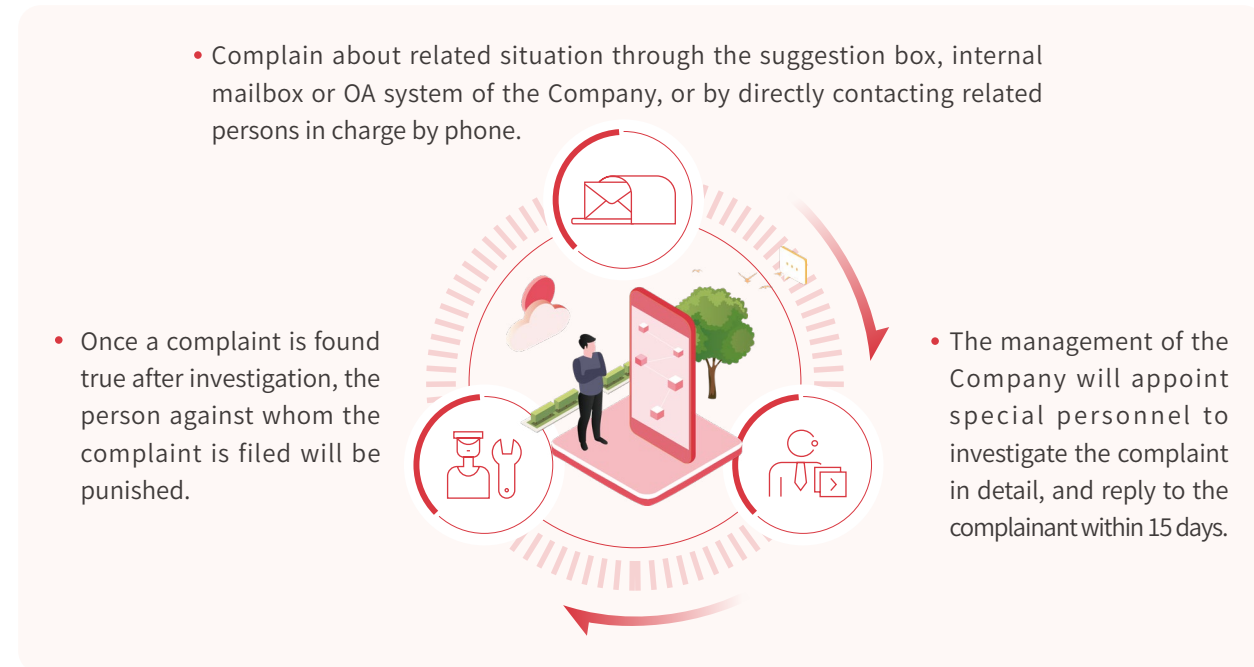
- ### Protection of female employees
- Purchase maternity insurance for all female employees in accordance with relevant national regulations;
 - Provide female employees with pregnancy leave and monthly living expenses during their pregnancy leave;
 - In the event of childbirth (or miscarriage), the female employees are entitled to the maternity insurance benefits from a social insurance agency according to relevant regulations;
 - After maternity leave, provide the female employees with breastfeeding leave until their children reach by six months, and monthly living expenses.

Labor Protection Measures for the Female Employees

| Anti-discrimination

The Company upholds equality and inclusion, and resolutely opposes any form of discrimination. We are committed to building a diversified and harmonious workplace environment to ensure that all employees are respected and accepted. We strictly abide by laws and regulations. We have formulated the *Anti-Discrimination and Anti-Harassment Management Regulations*, which are not affected by factors such as gender, age, race, ethnicity or region. We supervise all our departments, prevent and prohibit discrimination or harassment, and resolutely eradicate discrimination.

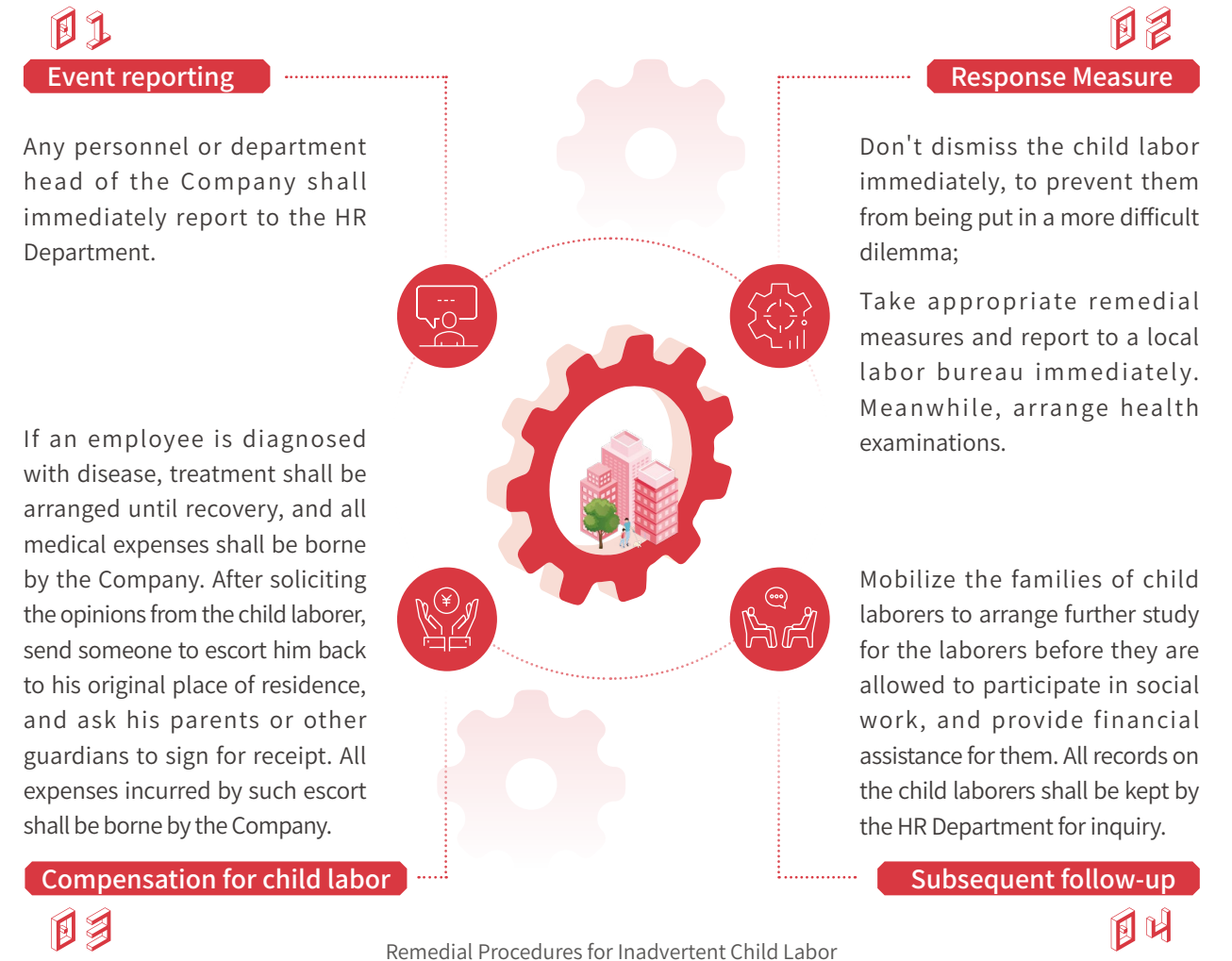
The Company continuously carries out publicity and education activities to prevent and stop workplace harassment. We post rules and regulations in conspicuous places such as corporate and office bulletin boards. To deal with discrimination and harassment in time, the Company provides the employees with internal complaint channels to create a fair and fair working environment. In the event of discrimination, the Company promptly communicates with the injured employees promptly to appease them, and holds those who have discriminated against the employees accountable for punishment.



Anti-discrimination and Complaint Handling Procedures

| Management of Child Labor and Minor Workers

Adhering to the spirit of the International Labor Organization's conventions, the Company is committed to continuously improving the internal management system to ensure its compliance and ethical management. We have formulated internal management systems such as the *Regulations on the Management of Child Labor and Minor Workers* which clearly stipulate the guidelines for prohibiting forced labor and child labor. The Company resolutely puts an end to any violations of human rights such as child labor and minor workers. During their recruitment, the Company's recruit personnel strictly check the job applicants' identity documents to identify their true age and the authenticity of their identity documents. The Company promises not to accept any supplier or partner who employs child labor or minor workers.



| Prohibition of Forced Labor

The Company upholds impartiality and equality during its recruitment. We prohibit attracting people by any forced or deceptive means, and resolutely eliminate any form of forced labor. We have formulated the *Management Regulations on the Prohibition of Forced Labor*. During the term of their contracts, the employees are entitled to rest, take holidays and terminate their employment in accordance with the law. The Company shall not illegally restrict the such rights of the employees. We are committed to promoting the concept of protection of human rights and anti-forced labor to our suppliers, contractors and partners, in order to jointly create a harmonious and fair business environment.

If we discover forced labor, our HR Department and Trade Union will communicate with and comfort the employees in a timely manner, and take corresponding measures to remedy the situation. During the new employee orientation training, all our new employees are trained and publicized. Our employees are informed that if the above problems occur, they shall complain to the Company through our suggestion box, mailbox, reporting hotlines or OA system, etc.

Employee rights

The Company is committed to safeguarding the legitimate rights and interests of the employees, building a diverse and inclusive corporate atmosphere, and effectively implementing various welfare and care measures to increase all employees' sense of happiness and belonging, and ensure that the employees may feel warmth and respect in the Company.

As of the end of the reporting period

a total of **3,568** people participated in the evaluation of professional and technical qualifications. Among them, **153** professional engineers were rated as intermediate engineers, and **6** of them were evaluated as senior engineers (experts). All of whom were entitled to the Company's housing benefits, encouraging employees to continue to develop their own expertise. While making substantial progress in their professional expertise, they were also recognized by the Company.



Honors of the employer brands

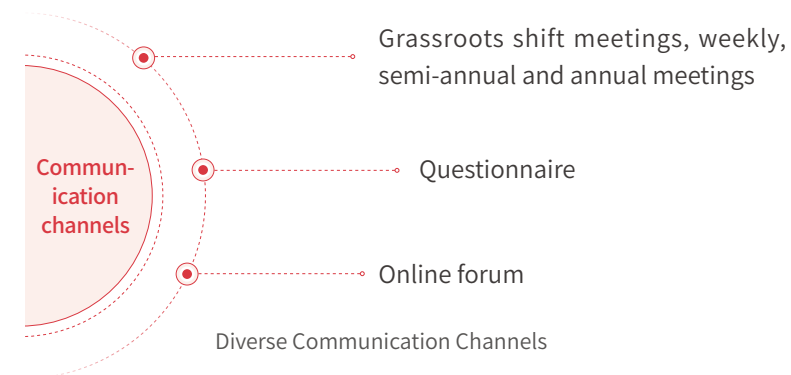
The Most Attractive Employer of the Workplace in 2023
Awarded by: China Business Journal & Career International

China Preferred Employer of the Year 2023
Awarded by: Zhilian Zhaopin

The Most Preferred Employer of the Year 2023
Awarded by: Interns

Democratic Communication

As a core element of efficient team operation, communication has irreplaceable value for maintaining team stability and improving overall performance. Consistently upholding "following the procedures, revering the superior, respecting the subordinate, and being sincere and proactive", the Company is committed to constructing a comprehensive and efficient communication system. By creating diversified communication channels, we can not only keep abreast of our employees' needs and feedback, but also effectively stimulate our employees' enthusiasm for participating in our decision-making and cultural construction, thereby promoting the continuous development of our team.



As of the end of the reporting period

The Company had cumulatively collected more than one thousand reasonable suggestions from the employees. The rate of response to the employee suggestions is **100**%. These suggestions are helpful for us to optimize our management strategies and improve our performance.

To further strengthen the democratic communication channels, the trade union of the Company has built a management platform for managing the employees' appeals, efficiently responded to the reasonable needs and opinions put forward by the employees for their interests and the development of the Company, improved the employee satisfaction through employee support and concern, and jointly established harmonious labor relations. The Company organizes the meetings for the trade union's member representatives and the employee representatives. We enter into the *Collective Contract* with the employee representatives to improve the mechanism for employees to offer advice and suggestions to the Company, and to protect their rights to know, participate, express, and supervise.

Case The employee engagement survey suggested that the overall engagement was comparable to that of the previous year

During the reporting period, the Company's employee engagement survey suggested that a total of 4,135 questionnaires were valid, covering multiple business segments and employee categories. The results showed that the overall engagement was similar to that of the previous year. The employees highly recognized their personal engagement, leadership effectiveness and cultural vision. They regarded the work environment and resources as common factors they were more satisfied with. In addition, after investigation, it was found that there were some common dimensions of dissatisfaction in each business segment of the Company, including work-life balance and career development. For instance, the Company pays close attention and proposes improvement measures. For example, we have established a comprehensive dual-channel mechanism for career development to provide our employees with a definite promotion path.

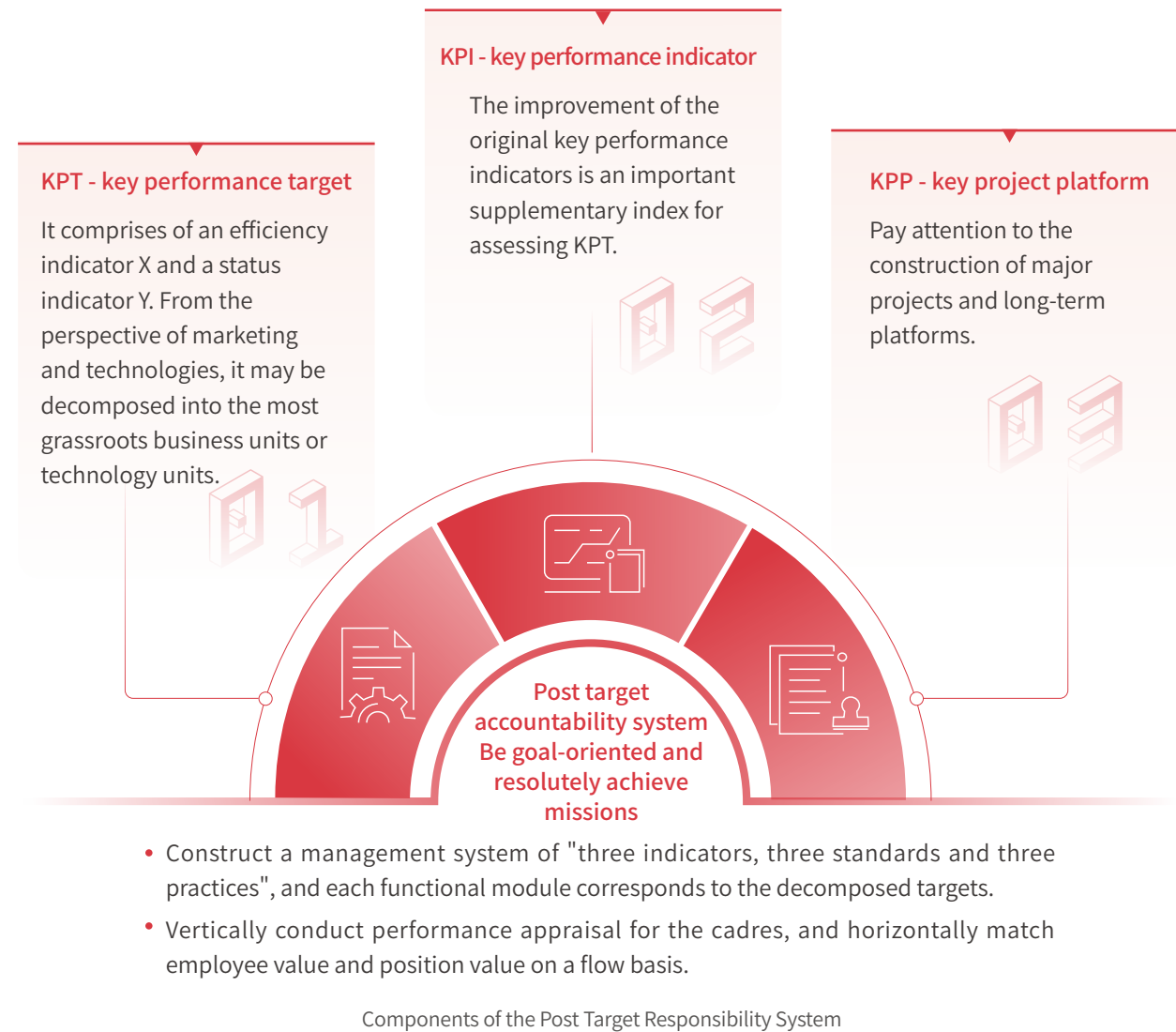
Dimensions of engagement	Score
Leadership effectiveness	5.28
Personal engagement	5.19
Cultural vision	5.17

Excerpt of Overall Scoring Result on Employee Engagement (Full Score: 6)

Employee Compensation

The Company adopts a salary structure that integrates the base salary with variable pay, to establish a salary incentive system for the employees that not only reflects internal fairness, but also demonstrates external competitiveness. The compensation consists of base salary, performance bonus, rewards and various allowances, which are regularly accounted by the HR Department of the Company. The employees may inquire about and calculate the salary paid through the online platform. We encrypt and manage the sensitive information, which shall not be disclosed.

The Company proposes and continues to practice the unique "cake theory". It is better to ask for a small piece of a big cake instead of the entire one. This theory has evolved into the core idea and excellent tradition of the Company's incentive mechanism. The Company rewards the shares to the key employees, making them become the real masters of the Company. Internally, the Company has put forward an assessment and incentive plan for the post target responsibility system. Based on our own development experience and the core concept of taking the market as the core leading technology and management as the guarantee, our overall goals, general tasks, time limits for completion, and scientific rules on the results to be achieved are strategically decoded and decomposed step by step in respect of each key position, in order to guide and encourage all undertakers who perform tasks to work together along the same direction as the overall goals, optimize the benefits and practice the core values of "being oriented towards the value creators".



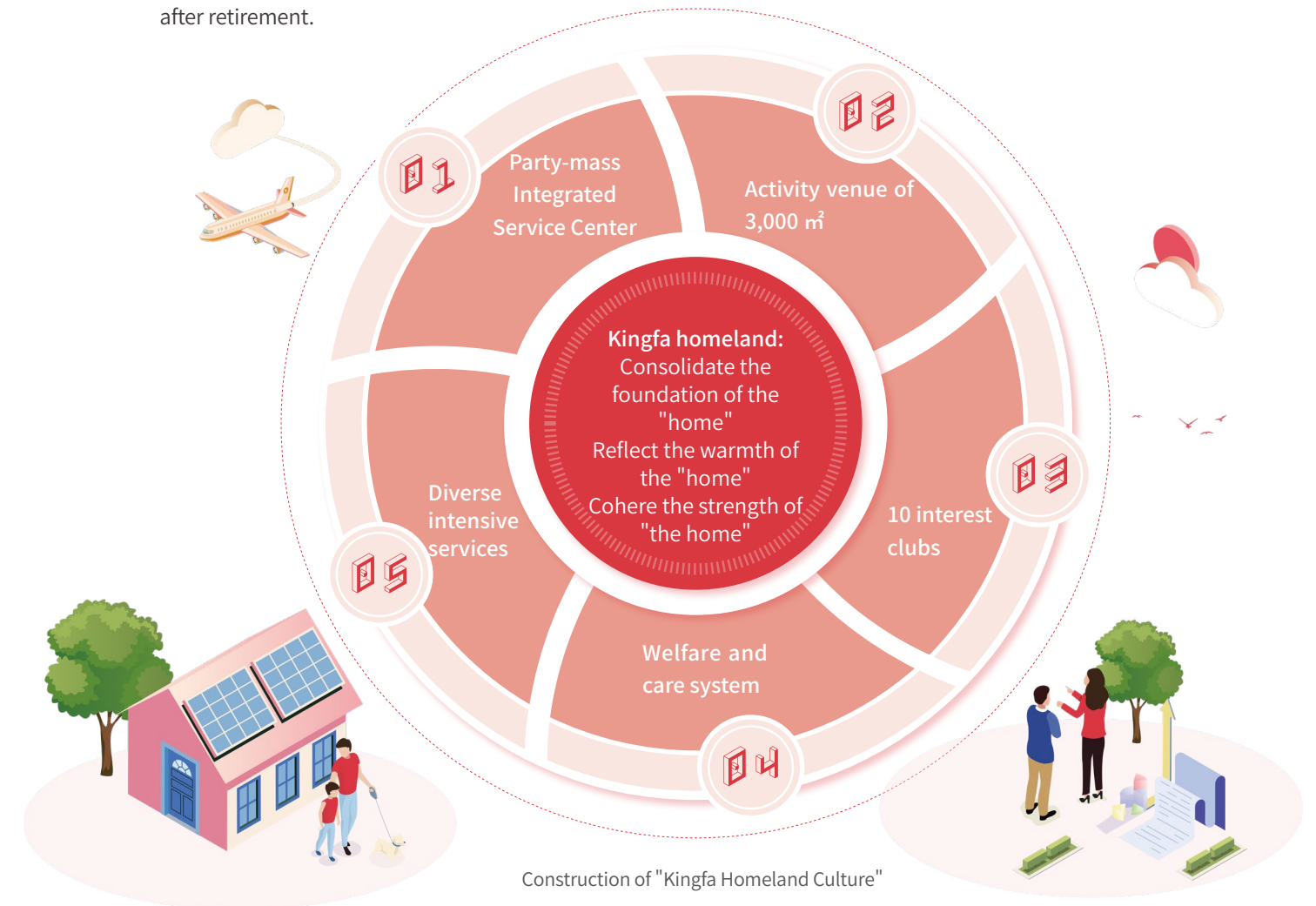
Case

Equity Incentive Plan

The Company has implemented the employee stock ownership plan since 2016, drawn up the 2022 Restricted Stock Incentive Plan (Draft) in 2022, and continued to promote the incentive plan during the reporting period. In June 2023, we granted 692 employees some reserved restricted stocks, and intended to reward our core technical, marketing and management personnel with our net profit and operating income as in our annual performance appraisal. The establishment and implementation of the personalized incentive mechanism and a series of supporting measures have attracted numerous outstanding talents, stimulated their passion and aspiration for the Company's development, and injected everlasting vitality into the Company's development.

Employee welfare

Being always professional and meticulous in the construction of an employee welfare system, we are committed to providing all-round and multi-level welfare guarantees for our employees. During the reporting period, the Company updated the welfare system for the retired employees to better help the employees ease their worries after retirement.



Employee Welfare and Care System

Five social insurance and one housing fund

The Company buys "endowment insurance, medical insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident fund" for all employees.

Supporting living and recreational facilities

The Company provides the employees with canteen dining services, multi-room welfare dormitories, equipped with complete infrastructure and diverse cultural and recreational activity venues.

Medical health

The Company has set up an infirmary to provide basic health diagnosis, treatment and psychological counseling services for the employees. We annually arrange free physical examinations for our employees.

Support for difficulties

We attach great importance to the lives and families of our employees in need. We have set up a special fund to support the employees in need, and apply for support funds for our employees who can hardly obtain loans or suffer from critical diseases or whose families face difficulties in applying for loans.

Holiday benefits

The Company provides the employees with birthday gifts, and distributes condolence money or condolences to the employees every year during the Spring Festival, Mid-Autumn Festival, anniversary and other festivals, and organizes diverse recreational activities during holidays.

Benefits and subsidies

The Company provides the employees with annual and quarterly benefits, traffic subsidies, seniority subsidies, other benefits and subsidies.

Improvement of academic qualification and training

The Company provides the employees with paid training, learning and improvement subsidies.

Holiday care

The Company implements a five-day work week, and the employees are entitled to holidays such as maternity leave, marriage leave, funeral leave and annual leave according to the law.

Family care

The Company encourages the employees to bring their children and other immediate family members to live with them. Besides, we provide childcare, schooling and shuttle services for our employees' children. We have introduced a kindergarten, and made special school bus services available.

Rights and interests of the female employees

Paying attention to the female employees' rights and interests, the Company has formulated the *Regulations on Labor Protection and Management of Female Employees*. We have set up nursery rooms and green channels for the pregnant women to dine, and implemented other measures to care for the female employees.

Convenient transportation

The Company provides the employees with free shopping buses, shuttle buses for commuting, and welfare vehicles.

Dispatch benefits

The Company provides overseas subsidies, overseas foreign language subsidies, family visit holidays, overseas insurance and other benefits for the overseas employees.



During the reporting period

the Company organized the 30th anniversary, and distributed welfare of RMB **13.4** million to **13,694** employees. The total amount of benefits for the Spring Festival, Women's Day, and Mid-Autumn Festival was RMB **7.8** million.



Set up an infirmary of the Company



Upgraded staff dormitories



Upgraded the skills training rooms and lounges for frontline employees



Arranged special school buses, commuting and shopping buses



Set up childcare classes for the employees' children

Employee Benefit Measures during the Reporting Period

Employee Activities

The Company has long been committed to optimizing the employees' spiritual and cultural life. Upholding popular, small-scale and routine activities, we make innovations of our recreational and sports activities in form and substance according to local conditions. During the reporting period, we organized more than 500 activities to enrich our employees' amateur life, increase our employees' enthusiasm for work, and create team spirit.



Case

"New Leap · Vigorous Development" Kingfa 30th Anniversary Celebration: Starting a New Journey to Sustainable and High-quality Development

In November 2023, the Company ushered in its 30th anniversary celebration, which was grandly held at Qingyuan Sports Center, Guangdong Province. The celebration party was wonderful, showing the Company's innovations and progress in the past 30 years, and eulogizing that under the leadership of the chairman, the Company was moving towards a new era of sustainable and high-quality development, and advancing toward the goal of one hundred billion. This activity inspired the employees to continue to uphold the concept of making technological innovations and serving the country through industry in the next 30 years, and contribute to the technological revitalization of the motherland.



The 30th Anniversary Celebration of the Company



In April 2023, the Company organized an outdoor hike.



In April 2023, the Company organized a badminton fellowship tournament with a daily chemical enterprise



In September 2023, the Company organized a 5V5 basketball match.



In October 2023, the Company held a fun sports meet, and more than 300 employees took part in the sports meet.



In October 2023, the Company organized the Second "Kingfa Cup" Football Match.

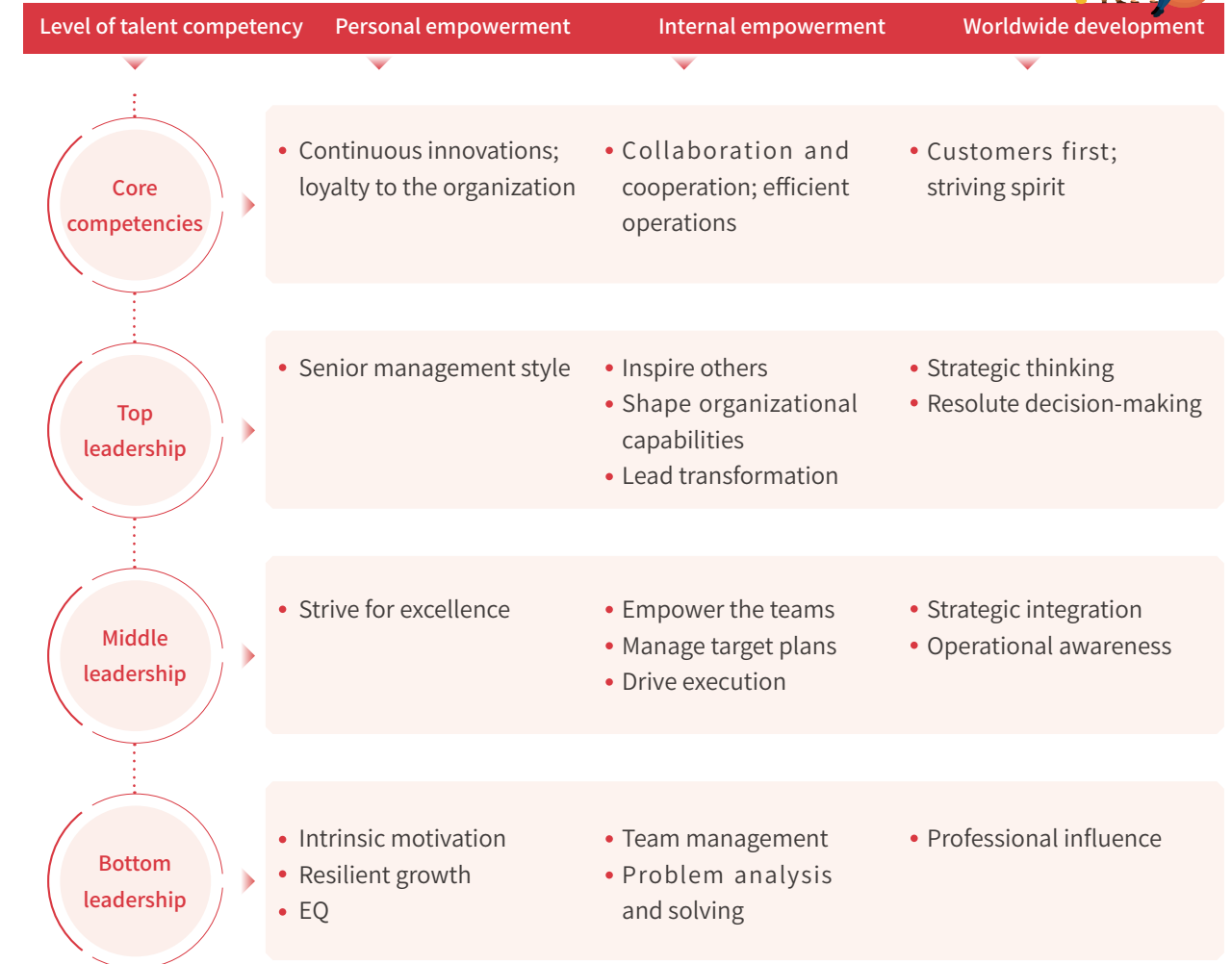


Employee development and training

The Company makes continuous innovation and improvement of the talent development system to provide the employees with a broad career development platform. The Company has built a talent competency model, developed and improved different employee training management methods, improved the training faculty pool and developed training courses. We continuously expand and develop internal training resources, effectively improve the professional quality and job skills of our employees, and foster professional forces.

Employees' Career Development

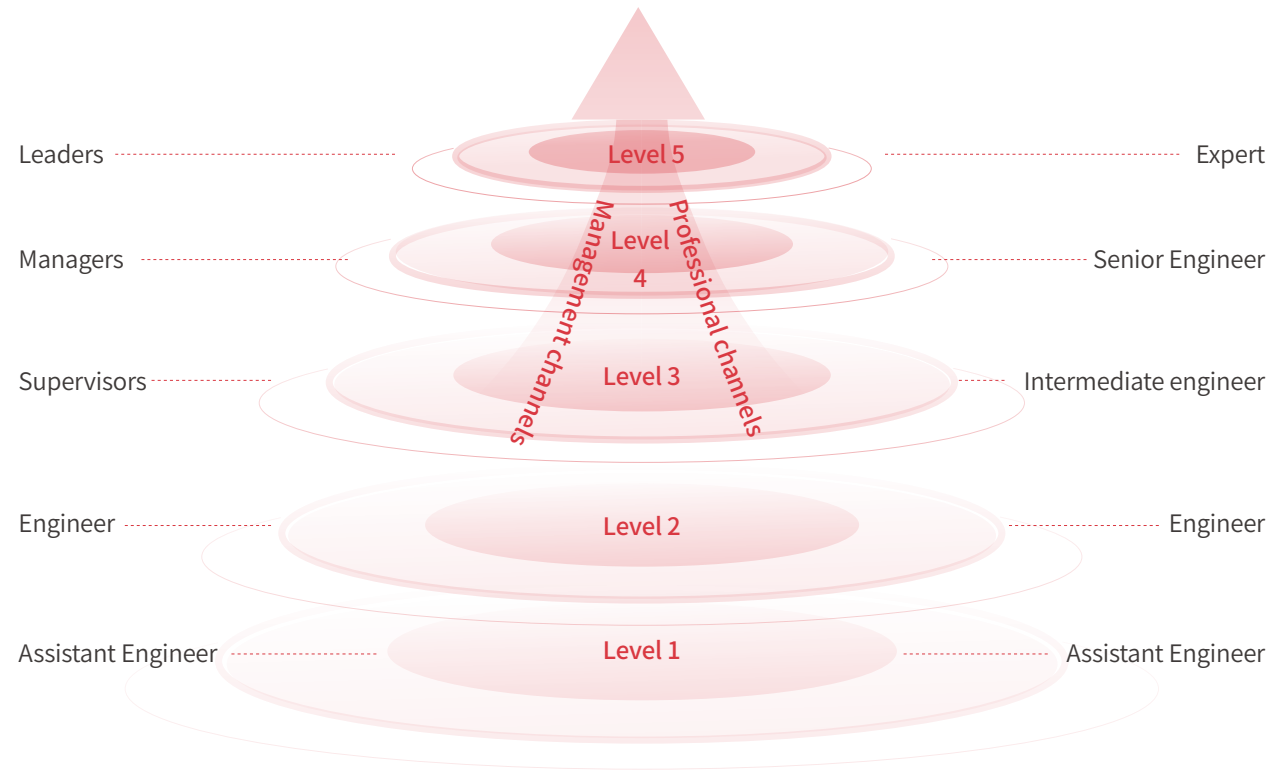
Around the "1438" strategic goal for 2030 and based on the needs of the business units, the Company has integrated the talent strategies from the perspective of marketing, technologies, domestic and overseas operations. We have set the employee development vision of "attracting global outstanding talents, activating individuals, improving organizational capabilities, becoming a world-renowned employer brand, and guaranteeing our realization of the "1438" strategic goal by providing a high-quality talent supply chain". The Company is committed to fulfilling the core tasks for increasing its talent adequacy ratio, organizational efficiency and organizational fit, to guarantee the talents' career development.



Talent Competency Model

Upholding "attaching equal importance to integrity and talent and employing one's talent to the fullest extent", we highly value our employees' career development. To this end, the Company provides diversified career development opportunities, including a dual-track career path and a job rotation mechanism, to expand the career growth space for our employees. In the dual-track career path, we have established two different development channels for management and expertise. Our employees may choose the most suitable career development paths according to their professional skills and personal hobbies. The Company has formulated differentiated and reasonable career promotion standards based on the competency model and job qualification requirements.

Dual-track Path



During the reporting period

the Company subsidized the employees' improvement of their academic education and further study in institutions of higher learning with a total of RMB

1.075 million

of which RMB **304,700** was for improving their academic education

to encourage the employees to improve their academic qualification and enhance their professional knowledge.

Organization of Employee Training

The Company is committed to improving the employees' skills and knowledge through continuous internal and external training, ranging from the EYAS Program for fresh graduates to the "creation-specific" echelon talent training program for the technical system, to provide tailor-made training opportunities for the employees at different stages to achieve self-enhancement.

During the reporting period

the Company created

11 series of job training

compiled learning maps for

23 development channels

and produced

575 courses

a total of our

10,658

employees were trained

representing an increase of

22.7%

as compared with the previous year



the total training hours received by the employees were

440,232.29

with an increase of

70.73%

as compared with the previous year

each employee received training of

41.3 hours on average

The Company has built "Kingfa Global Innovation Training Development Center" and "Kingfa e-Enterprise Learning" as employee growth platforms. Internally, we organize "online plus offline" training and learning. Kingfa Management School has created an all-round training and development system for the employees, to help them grow through a series of talent training projects, E-learning platforms, on-the-job education and job rotation, etc.



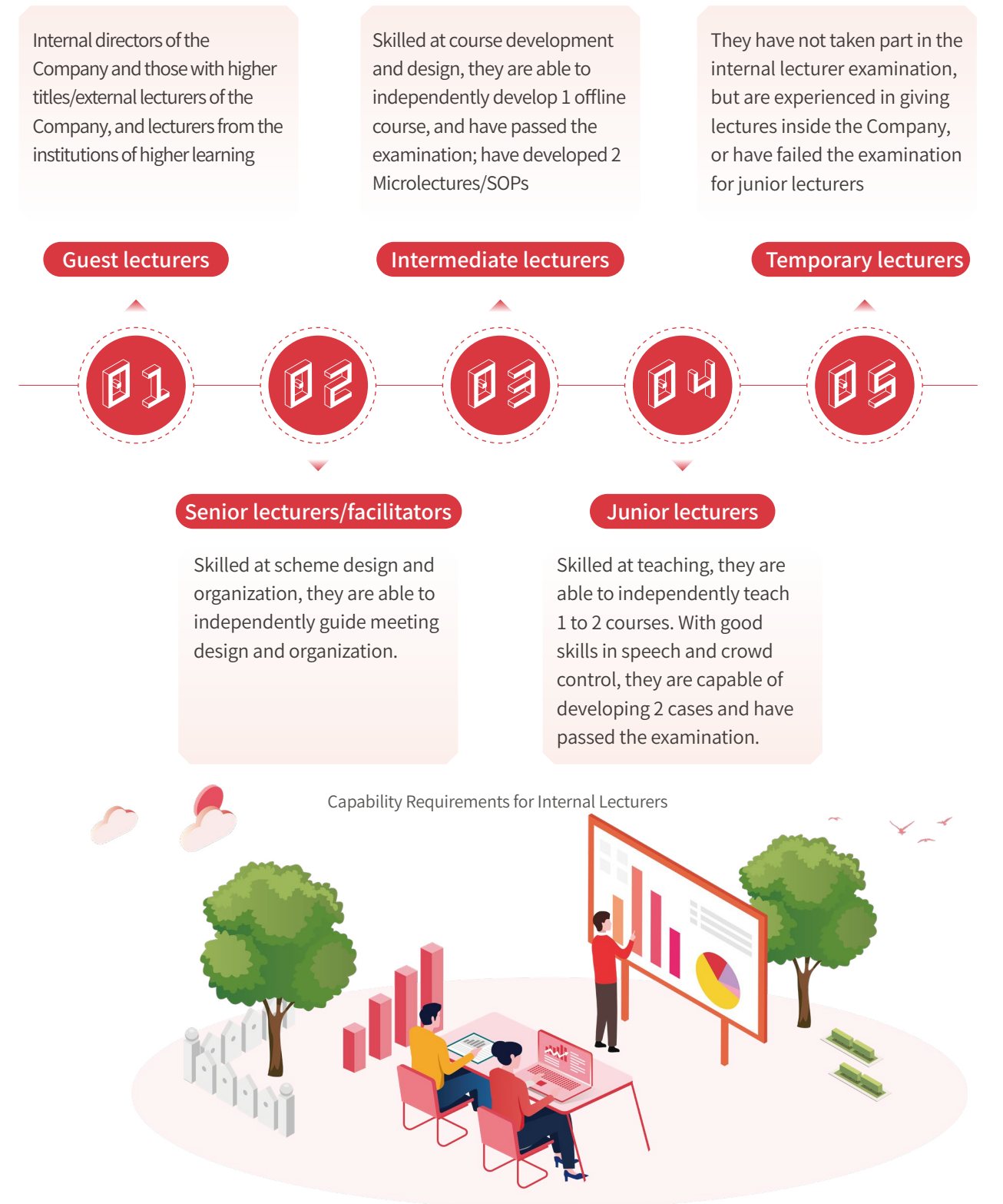
Kingfa e-Enterprise Learning

On the basis of ensuring regular training, the Company focuses on implementing 5 management talent training plans and 3 professional talent training projects, thus forming a strategic talent echelon training system. We conduct customized training for marketing, technical, and operating personnel, and regularly organize training to empower our employees, facilitate their better development, and lay a solid foundation for our long-term success. During the reporting period, the Company trained 6 recipients of State Council subsidies, 146 senior engineers and 1 academician.



Training System for Talent Development

Internally, the Company cultivates and seeks lecturers. We are slack in admission and strict in evaluation when selecting and certifying our internal lecturers. Any employee who meets our internal competency requirements may apply to the HR Department for teaching training courses developed by himself or others. The HR Department annually organizes several certification training courses for junior, intermediate and senior lecturers, and conducts on-site evaluation of the trainees after their enrollment in the training and completion of the major courses at the corresponding levels.



Case Employee training

Spark plan

To train/reserve talents, construct talent echelons, and help new potential talents improve their professionalism and accelerate their development of professional capabilities, in December 2023, the Company initiated an internal training program for the new fresh graduates who had just entered the Company - spark plan, and trained them at the first stage.



"Spark Plan" for the Fresh Graduates

Sword sharpening plan

The "sword sharpening plan" Phase IV, as an important strategic measure of the Company under the macroscopic background of its complete internationalization and one of the core projects for building talent echelons of the Marketing Center, helps carry forward the entrepreneurial spirit, giving play to platform advantages, and realizing leapfrog development.



Fifth Centralized Training of the Sword Sharpening Plan Phase IV in Central China Base

Eagle plan

"Eagle Plan · Potential Talent Program" cultivates the high-potential reserve management talents of directors and the management cadres who have been promoted into directors in the past two years in a targeted manner. Through the early surveys, this program cultivates, evaluates and selects talents by extracting experience from outstanding organizations through training missions. The key training content of this project includes profound understanding of the chairman's thoughts, improvement of middle leadership, cultivation of excellent operation capabilities, and expansion of management insights. Such full coverage is aimed to improve the cadres' competencies from different perspectives, for the purpose of realizing leapfrog development to a greater extent.



The High-potential Talent Class of the Eagle Plan Visited CSOT

Training on Enterprise Digitalization

To promote the Company's digitalization and ensure that the Company's core management cadres have a unified understanding of digitalization, support our digitalization strategies, and effectively promote the relevant deployment of digitalization, in December 2023, we invited experts from a third-party organization to teach all our middle and senior management cadres in respect of Enterprise Digitalization.



The Company's Initiation of Training by the General Managers



External Lecturers' Explanations to the Trainees

International talent training program

In response to the overseas strategic goal of "deeply embarking on businesses in Asia Pacific and developing the businesses in Europe and the United States", we have actively established an overseas talent supply chain system, adopted a two-pronged strategy for "going out and bringing in" to continuously accelerate the cultivation of international talents and build an international talent echelon with global visions, cross-cultural communication capabilities, and professional skills. In 2023, we carried out an international training program with four special projects and eight subdivided fields, covering outstanding talents at home and abroad engaged in the field of marketing, technologies, and internal functions. We approximately cultivated 270 internationalized talents and developed about 67 internationalized courses.



As a general manager of the Company, Professor Li Nanjing taught the course known as Internationalization Strategies and Foreign Planning of the Company, and took a joint photo with the members of Soaring Falcon abroad.



Occupational health and safety

Our occupational health and safety work has always been carried out based on the concept that "safety is essential for survival" and the policy that "production and life safety is the top priority". All our subsidiaries shall take such concepts and policies as prerequisites for carrying out work and actively publicize and implement them to increase our employees' safety awareness and create a safe, healthy work environment.

The new construction, reconstruction, and expansion projects, as well as the three simultaneous for the environment-friendliness of the Company, its bases, branches, and subsidiaries, must meet the national requirements for occupational health, safety facilities, and firefighting facilities. It must be ensured that they are designed, constructed, and put into use at the same time as the main projects, to ensure that the construction projects conform to the occupational health and safety, fire, and environmental protection standards stipulated by the state after they are put into operation upon completion, and ensure the employees' safety and health in the production process. During the reporting period, the Company and its 11 subsidiaries or production bases passed the ISO 45001 Occupational Health and Safety Management System Certification.

"Three-simultaneity" System for Occupational Health and Safety Facilities



We care about and attach importance to all our employee's physical and mental health. In terms of occupational health, when entering into labor contracts with employees in positions exposed to occupational hazards, we truthfully inform our employees of the hazards they might be exposed to during work, and their consequences, measures for protecting against occupational diseases, and benefits. Without concealing the risks of any positions, we enter into a contract on notifying hazards of occupational diseases with our employees.

The Company selects an occupational health examination institution after comprehensive consideration of its hospital qualification, quality of medical services, experience in occupational health examination, facilities, internal and external environment. We organize pre-job, on-the-job and post-employment physical examinations for occupational diseases according to our production characteristics and the occupational hazards existing in the positions of employees in with reference to the national occupational health monitoring standards. Besides, we continuously observe and manage our employees' physical examination results.

Categories of Occupational Health Examinations

Pre-job	On-the-job	At the time of leave	Emergency
Arrange occupational health examinations for the employees who are about to go on duty (including those subject to job transfer) concerning the potential hazards they might be exposed to in their posts according to the post characteristics.	Annually arrange occupational health examinations for the employees according to national regulations regularly.	Arrange health examinations for the employees before they are transferred away from or get away from the operations exposed to occupational hazards, or in front of their posts, to confirm their health status when they are suspended from exposure to occupational hazards.	In case of any unexpected emergency that endangers the employees' health, immediately organize health examinations for the employees working in the same workplace, analyze the cause of the accident, draw up solutions and a solidification plan, and reinforce occupational health and safety management.

The Company pays attention to the employees' occupational health and safety, carries out pre-job and on-the-job occupational health training for them, popularizes knowledge about occupational health, and urges the employees to abide by laws, regulations, rules, national occupational health standards and operating procedures for prevention and control of occupational diseases. For the employees in positions exposed to serious occupational hazards, special occupational health training will be carried out, and the employees will be allowed to perform operations in their posts only after they have passed the training. The Company has posted occupational hazard notification cards and set up bulletin boards in all workplaces to inform the employees of occupational hazards in the workplaces, preventive and control actions and systems. Each base, branch and subsidiary regularly monitor the occupational hazards in the workplaces, and announce the test results to the employees. The Company provides sufficient and conforming personal protective equipment for all employees exposed to occupational hazards.

Occupational health protection

The Company complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, other relevant laws and regulations. We prepare and strictly implement occupational health protection system documents, including the *Regulations on the Management of Occupational Health, Safety and Environmental Protection* to protect our employees' safety and health in the production process, and effectively prevent them from suffering occupational diseases.

During the reporting period

we invested RMB **4.665** million in our employees' occupational health and safety

100 % of our employees were covered by physical examinations.

Management Measures for Prevention and Control of Occupational Diseases

- Set up an occupational health management organization with occupational health management personnel to be responsible for the prevention and control of occupational diseases.
- Establish and improve the systems for monitoring and evaluating occupational hazards in the workplace.
- Draw up plans for prevention and control of occupational diseases and implementation plans.
- Draft and improve the emergency rescue plans for occupational hazards and accidents.
- Formulate and improve occupational health management systems and operating rules.
- Provide the employees exposed to occupational hazards with personal protective equipment up to the national standards.
- Create and improve files on occupational health and laborers' health monitoring.
- Set up corresponding warning signs and occupational health bulletin boards in THE workplaces that produce or have occupational disease hazards.

The Company regulates the management of infectious diseases, publicizes the basic knowledge about infectious diseases, increases the employees' awareness of self-health care and disease prevention, prevents, controls and eliminates the occurrence and prevalence of infectious diseases in the Company, and protects the employees' health. When suspicious symptoms of the infectious diseases or related patients are found, the Company will take necessary protective measures, immediately isolate and send them to hospitals for diagnosis and treatment, discover and manage the sources of infection in time, cut off the channels of transmission, and avoid cross-infection. The company performs chemical disinfection, and prepares standardized operation tables for common disinfection of daily necessities to guide the actual disinfection work and reduce the spread of infectious viruses.

Case Heatstroke prevention and cooling activities

From June 2023 to September 2023, the Qingyuan Base of the Company organized the departments to carry out the work for heatstroke prevention in the high-temperature season. The Company fully upgraded the hardware facilities for heatstroke prevention in each workshop, equipped the rest areas with air conditioners, and maintained existing fans and other equipment to ensure a pleasant indoor temperature. Besides, we vigorously promoted the knowledge about heatstroke prevention, organized special knowledge training on heatstroke prevention for our employees, and performed high-temperature emergency drills, to comprehensively improve their competencies for dealing with high temperatures. We also invited professional doctors to carry out certification training for first responders of workshops. The training coverage rate reached 95%, and 55 employees obtained the certificates for the first responders. In addition, the Company adjusted the working hours during the high-temperature season, and appropriately shortened the working hours during the high-temperature period at noon to ensure that employees had sufficient rest time. We also distributed heatstroke prevention and cooling supplies, including cooling oil, sunscreen, and drinking water. We also improved our employees' work in all aspects of our management mode, including hardware, employees' qualities and skills, and emergency response to protect their health.

Case Publicity Week of the Law on the Prevention and Treatment of Occupational Diseases

During the reporting period, Specialty Engineering Plastics Company organized the publicity week of the Law on the Prevention and Control of Occupational Diseases, popularized knowledge, laws, and regulations about the prevention and control of occupational diseases to the employees in various forms such as regular workshop meetings, education, training, banner publicity, poster posting, leaflet distribution, and video publicity. A total of 7 banners and 4 promotional posters were posted. 210 leaflets were distributed and 3 occupational health videos were repeatedly played on the display screen. Each workshop organized one training session about occupational health and protection. The series of activities increased the employees' awareness raised their concern about the prevention and control of occupational diseases, and enhanced their legal awareness and self-protection ability. Continuous efforts were made to protect the laborers' health.



Leaflets on the Workshop Employees' Learning about the Law on the Prevention and Control of Occupational Diseases

| Protection of work safety

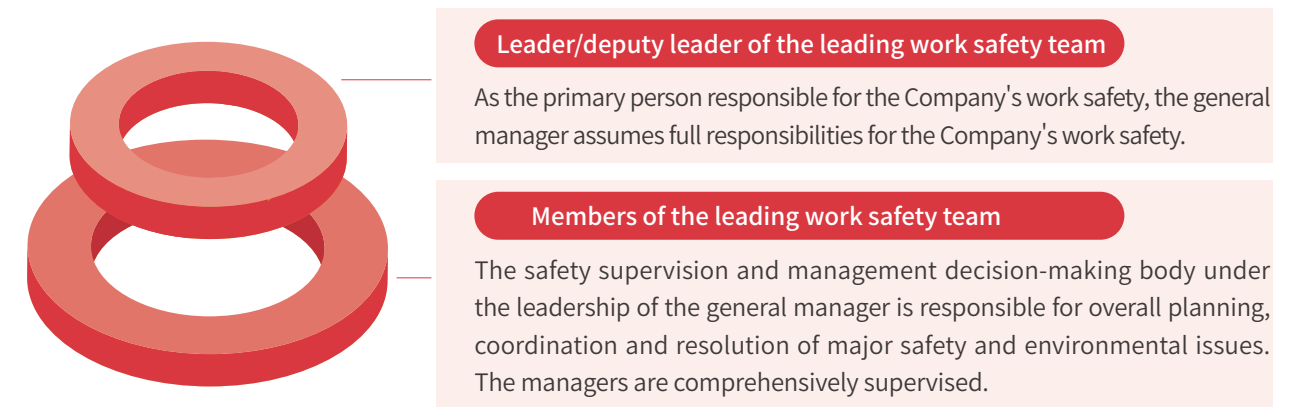
The Company insists on prevention first, ensures the employees' personal safety, regards "zero accident" as the highest safety goal by taking the compliance with national laws and regulations as the fundamental requirement. We control risks through our management system and management of the leading work safety team, perform supervision and evaluation via the safety assessment system. We have established a perfect work safety management system. We facilitate improvement of our safety work and guarantee our smooth production management by improving our system construction, strengthening our process management, performing our main responsibilities, and conducting regular evaluations.



Note: The major and general work safety accidents are distinguished by factors such as casualties, pecuniary losses of the Company, administrative penalties and the impacts of major media in accordance with the Group's Management Regulations for Occupational Health, Safety and Environmental Protection.

We adopt a group control system for our overall safety work. Led by the group's leading work safety team, our bases, branches, and subsidiaries autonomously schedule and finish their respective safety work based on pertinent national laws, regulations, technical safety specifications, and standards, as well as related documents and their respective management standards step by step. We have created a streamlined safety network at three levels, namely "the Company - departments - shift teams". We summarize our work safety experience, participate in accident investigations, impel implementation of improvement measures, regularly hold meetings for the leading work safety team, enhance all our employees' technical competencies, and increase their safety awareness.

Architecture of the Company's Leading Work Safety Team



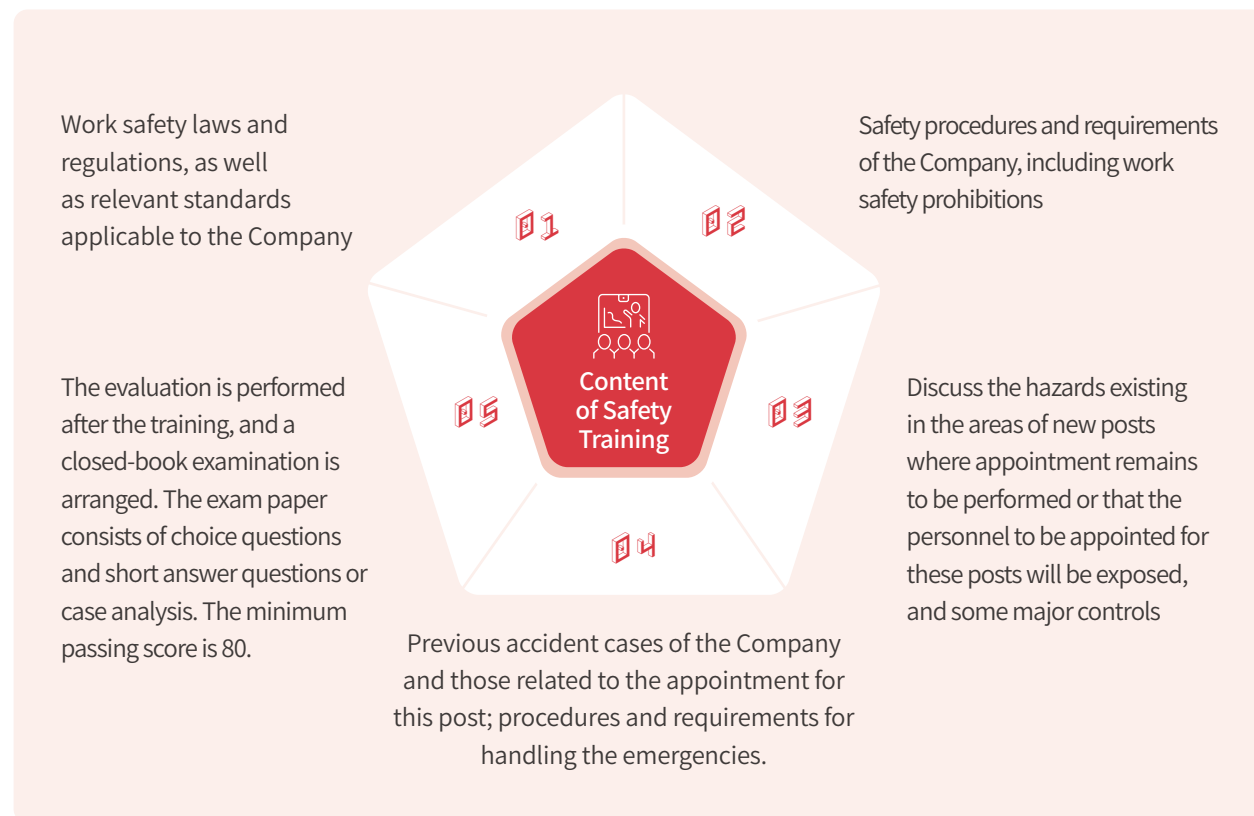
To promote the performance of the main responsibility for work safety, implement the work safety responsibility system and the working principle that "one who is in charge shall be responsible", the Company conducts performance appraisal, and the leading work safety team annually executes the indicators of each department and each subsidiary as suggested by its leaders, and incorporates them into the responsibility documents for assessment. The indicators of each department of a subsidiary are decomposed and assessed by the leading work safety team of the subsidiary according to the indicators of the person in charge of the subsidiary.

Safety training and drills

The Company implements a full coverage system for safety education. All employees must receive systematic safety education and training when they go on duty, on their jobs, and are promoted. We require our employees to strictly comply with all our rules, avoid violations, minimize accidents, and increase their awareness of safe work.

The new employees must pass the orientation training and assessment on safety, and the incumbent employees must receive safety re-education every year. The management supervisors, and professional and technical engineers must receive safety training before their promotion and may be promoted or appointed only after passing the assessment.

Content of Safety Training

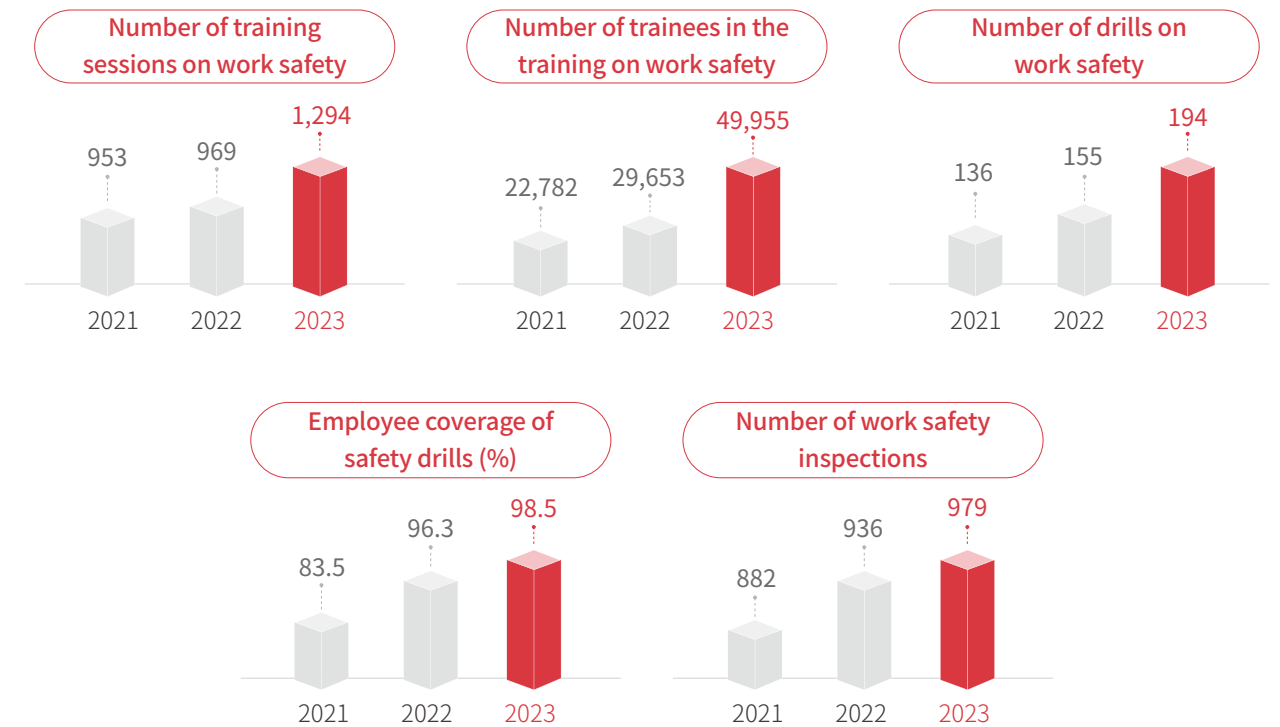


To strengthen its ability and responsiveness to deal with emergencies, the Company has formulated emergency response procedures such as the *Management Procedures for Risks, Opportunities and Emergency Preparedness and Response Plans* to ensure that all emergency plans are implemented in a timely and effective manner in emergencies, standardize emergency management of unexpected work safety accidents, effectively implement emergency rescue in time, minimize casualties and property losses, guarantee employee safety, and ensure that emergency management is quickly and effectively carried out in order.



Investigation and Treatment of Hidden Hazards

The hidden hazards are generally classified into general and major hidden hazards. Dependent upon their severity and urgency, they shall be promptly rectified and closed.



Case

Emergency drill of Ningbo Kingfa



In 2023, the site emergency response drills were performed under regular and normalized models for different departments of Ningbo Kingfa. A total of 33 drills were organized according to the annual plan throughout the year, including 20 on-site drills on the emergency response plan, 12 special drills on the emergency response plan, and 1 drill on the comprehensive emergency response plan. Each department organized more than 120 drills for the shift teams according to its internal drill plan.



Emergency Drill of Ningbo Kingfa



Case Emergency drill of Qingyuan Base

To deepen the organization of the national work safety month with the theme that "everyone shall pay attention to safety and can make emergency response", the Company has effectively strengthened the emergency response capabilities of all bases, departments and employees. Qingyuan Base carried out 5 special emergency drills on safety, work in confined space and special equipment, and 16 fire drills.



Emergency Drills of Qingyuan Base



Case Series of activities of the Work Safety Month

In June 2023, the Company organized the 22nd National Work Safety Month online and offline, continuously increased all employees' awareness of safety redline, promoted the performance of responsibilities for work safety, and effectively improved risk investigation and rectification. With the theme that "everyone cares about safety and everyone can respond to emergencies", this activity focused on performing safety responsibilities, strengthening emergency management, and popularizing safety knowledge. We combined different forms of safety training and education with emergency drills to further improve all employees' safety awareness and ability to avoid danger and escape.



Question Answering on Organizational Safety Cultures and Skills of Qingyuan Base of the Company



Organization of a Firefighting Competition in the "Work Safety Month" of Specialty Engineering Plastics Company



A Series of "Work Safety Month" Activities like "Grid-connected Power Consumption" Organized by Shanghai Kingfa

Social development and public welfare

The Company insists on taking social interests as the foundations for its prosperity, upholds that "for those taken from the community, give back to the society", takes serving the country through industry as its own responsibility, and dares to assume social responsibilities. During the reporting period, the Company actively participated in the national rural revitalization work, supported and made donations to public utilities such as health care, firefighting, and education in various forms while serving and giving back to the public.

During the reporting period

161 employees participated in the volunteer activities

with an average participation time of **27.3** hours

The total amount of external donations made by the Company was up to RMB **6.3516** million

Rural revitalization

The Company fully implemented the work requirements of the central government for consolidating and expanding the achievements in poverty alleviation and comprehensively promoting rural revitalization, fulfilled social responsibilities, and contributed to social equality.



Specialty Engineering Plastics Company's Donation of Money for Poverty Alleviation in Shigu Town, Gaozhou City



Chengdu Kingfa's Donation of Money for Targeted Support of Batang County, Ganzi Tibetan Autonomous Prefecture.



Case Specialty Engineering Plastics Company supported villages and enhanced cooperation with private enterprises

In July 2023, Special Engineering Plastics Company provided targeted support for the rural construction of Dakui Village, Pinggang Town, Yangjiang High-tech Zone by coordinating with the Military-Civilian Integration Office of Zhuhai Committee of the Communist Party of China, in order to facilitate the annual government support for the region, strengthen cooperation among private enterprises, and make due contributions to creating a happy social environment.

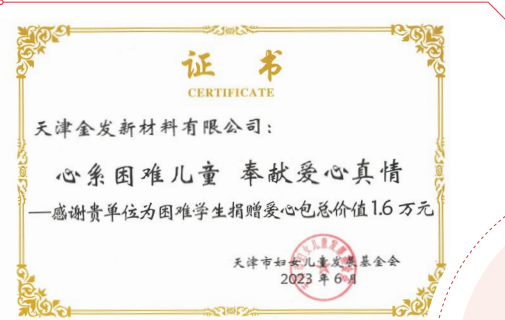


Love and Dedication Award of Special Engineering Plastic Company

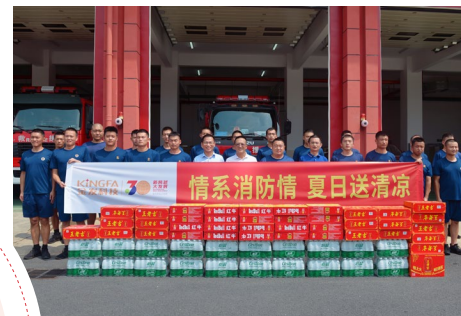
Public benefit activities

The Company actively promotes the concept of public welfare and insists on delivering warmth to society. During the reporting period, we gave back to society in different forms, including donations, volunteer activities, and social publicity. We cultivated our employees' awareness of public welfare, and conveyed warmth with actions.

Tianjin Kingfa's Donation to Women and Children Development Foundation



Wuhan Kingfa's Condolences to the Fire Brigade and Provisioning of Free Drinks for Heat Relief



Ningbo Kingfa's Investment of RMB 250 Thousand in the Charity Foundation Named "Common Prosperity, Happy Home"



Shanghai Kingfa's Organization of Volunteer Services for the Employees in Zhujiajiao Town

Case Kingfa Medical donated medical materials to the Red Cross Society of Hangzhou China Branch, protecting the life and health of medical and nursing personnel

In May 2023, Kingfa Medical and the Red Cross Society of Hangzhou China Branch held a donation ceremony with the theme of "Protecting and Caring for the Angels with Technologies". Kingfa Medical donated medical supplies with a total value of RMB 1 million to the Red Cross Society of Hangzhou China Branch to support the work of the medical staff of Jiande Center for Disease Control and Prevention, provide protection for their life and health, and express its determination to social responsibilities.



Kingfa Medical's Material Donation of One Million Chinese Yuan to the Red Cross Society of Hangzhou China Branch

Dream Building by Talents

Knowledge is power, and education is the cornerstone. Adhering to the concept of rejuvenating the country through education, the Company supports the development of education through donation activities. In combination with our businesses, we output knowledge through popular science activities to guide minors to foster their awareness of science.



Wuhan Kingfa's Donation of Books and Sports Equipment to Putan Kindergarten and Huangling Middle School

Kingfa Medical's Donation of Medical Materials to Xiangxiao Beilu Primary School

Case

The National Industrial Innovation Center organized science popularization at schools, to carry forward scientific spirit and popularize scientific knowledge

In September 2023, the volunteer science popularization team of the National Industrial Innovation Center entered Guangzhou Experimental School Affiliated to BNU to carry out the science popularization on "Advanced materials", introducing the characteristics, application scenarios and impacts of plastics on life, supplemented by operable exhibits, to combine teaching with entertainment, enrich students' extracurricular life and cultivate students' interest in sciences.



Science Popularization by the Volunteers of the National Industrial Innovation Center in Classes

Responsibility for Governance

- Held **2** general shareholders' meetings
- Disclosed **59** interim announcements
- Performed **53** information security audits
- 8** meetings of the Board of Directors
- 4** regular announcements
- Cumulatively applied for **6,036** domestic and foreign patents
- Including **4,394** invention patents
- Apply for **602** new patents

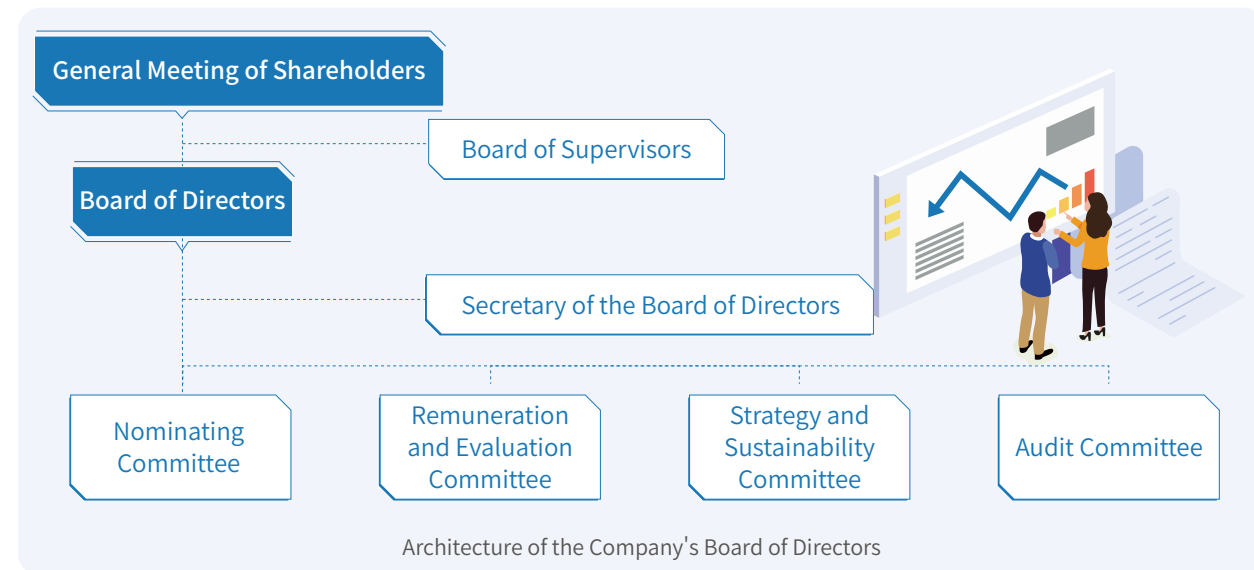


SDGs:



Operation by the Board of Directors, the Board of Supervisors and the general meetings of shareholders

The Company has established a sound system for the operations of the general shareholders' meetings, the Board of Directors and the Board of Supervisors, and continuously regulates their operation and decision-making, so as to ensure efficient cooperation, checks and balances among the authorities, decision-making and supervisory bodies. To protect the legitimate rights and interests of our shareholders and creditors, and regulate our organization and operations, we regularly update and perfect the *Articles of Association*, the *Remuneration Management System for Directors, Supervisors and Senior Management*, the *Internal Reporting System for Material Information* and other governance documents, which are disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) and our official website.



General Meeting of Shareholders

In strict compliance with the *Company Law*, the *Rules of Procedures for General Shareholders' Meetings of the Company* and the *Articles of Association*, voting procedures are performed for convening and holding the Company's general shareholders' meetings. The duties of the general shareholders' meetings mainly cover major decision-making and regulatory affairs of the Company. We also ensure that all shareholders attend the meetings and fully exercise their consultation and voting rights.

Board of Directors

Our Board of Directors strictly performs the duties for deciding on our major decisions and plans of the Company and formulating our major systems in accordance with the *Company Law*, the *Rules of Procedures for the Board of Directors of the Company* and the *Articles of Association*. The Board of Directors has set up four professional committees to provide professional advice and support for its decision-making.

Board of Supervisors

Our Board of Supervisors conscientiously performs its duties in strict compliance with the *Company Law*, the *Rules of Procedures for the Board of Supervisors* and the *Articles of Association*. It regularly convenes meetings to perform its duties for supervising and inspecting our directors' and officers' performance of duties and our financial affairs, to truly protect our and our shareholders' rights and interests.

During the reporting period

the Company held

2 general shareholders' meetings at which a total of

12 motions were considered

8 Board of Directors meetings at which a total of

41 motions were considered

5 Board of Supervisors meetings at which a total of

18 motions were considered

Independence and Diversity of the Board of Directors

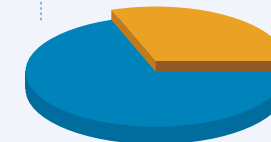
The Company attaches great importance to the independence of the Board of Directors. We have formulated and regularly updated the *Independent Director Work System*. The Company attaches great importance to the plurality of independent directors in the Board of Directors and its subordinate committees, so as to strengthen the fairness of the Board of Directors' decision-making and protect the legitimate rights and interests of the shareholders.

During the reporting period

the Board of Directors consisted of

11 members

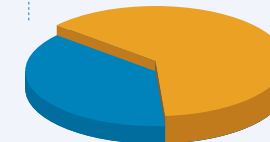
4 of whom were independent directors



Either the Audit Committee, the Nomination Committee or the Remuneration and Appraisal Committee has

3 members

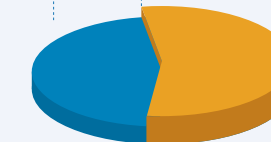
2 of whom were independent directors



The Strategy and Sustainability Committee had

5 members

3 of whom were independent directors



While emphasizing the independence of the Board of Directors, the Company also attaches great importance to the diversity of the Board of Directors. Sex, age, professional background and other dimensions have been considered in nominating directors for the Nomination Committee. The Company believes that directors with diverse backgrounds may help the Board of Directors better supervise its management and operations, evaluate the risks and opportunities of its business model from different perspectives, and promote its formation of an equal, inclusive and open culture.

Diverse Backgrounds of the Members of the Board of Directors



Name	Gender	Age	Position Held	Incumbency of the committees	Specialty
Yuan Zhimin	Male	62	Chairman	Strategy and Sustainability Committee, Nomination Committee, Remuneration and Appraisal Committee	
Li Nanjing	Male	61	Director, General Manager		
Xiong Haitao	Female	59	Director		
Li Jianjun	Male	60	Director	Strategy and Sustainability Committee	
Ning Hongtao	Male	50	Director	Audit Committee	
Wu Di	Male	39	Director, deputy general manager		
Chen Pingxu	Male	41	Director, deputy general manager		
Yang Xiong	Male	57	Independent director	Remuneration and Appraisal Committee, Audit Committee	
Xiao Shengfang	Male	54	Independent director	Strategy and Sustainability Committee, Nomination Committee, Audit Committee	
Zeng Xingrong	Male	61	Independent director	Strategy and Sustainability Committee, Remuneration and Appraisal Committee	
Meng Yuezhong	Male	60	Independent director	Strategy and Sustainability Committee, Nomination Committee	

Note: Major in polymers Major in economics Major in finance Major in law

Remuneration and Equity Policies

The Company adopts a salary structure of "annual base salary, annual performance pay, and long-term incentives". We have established a benefit and risk-sharing mechanism for our shareholders, management and business backbones. Besides, we implement an equity incentive plan for all employees, to encourage our managerial personnel, technical, business and operation backbones who satisfy the incentive conditions.

If a director, supervisor, officer or a shareholder holding more than 5% of the shares of the Company sells the shares of the Company or other securities with equity nature held by him or her within 6 months after the purchase, or repurchases them within 6 months after the sale, the proceeds therefrom shall be owned by the Company, and the Board of Directors of the Company shall recover the proceeds therefrom, except for the circumstance that a securities company holds more than 5% of the shares due to the purchase of the remaining shares after the package sale, and other circumstances stipulated by the China Securities Regulatory Commission.

The stocks or other securities with equity nature held by directors, supervisors, officers, and shareholders who are natural persons mentioned in the preceding paragraph include the stocks held by their spouses, parents, and children, and held through other people's accounts or other securities with equity nature.

If the Board of Directors fails to follow the first paragraph of this article, the shareholders have the right to request the Board of Directors to act as specified therein within 30 days. Where the Board of Directors fails to act so by the aforementioned time limit, the shareholders shall have the right to directly file a lawsuit with the people's court in their name in the interests of the Company.

In the event that the Board of Directors fails to implement the first paragraph of this article, the responsible directors shall bear joint and several liabilities according to the law.

Equity Policies for the Company's Directors, Supervisors and Officers

For details of the remuneration policy and remuneration of the directors, supervisors and officers during the reporting period, please refer to Section IV - Corporate Governance of the 2023 Annual Report.

Transparent disclosure

The Company strictly complies with the *Measures for the Administration of Information Disclosure by Listed Companies*. We have formulated the *Information Disclosure Management System* and the *Investor Relations Management System* to safeguard the legitimate rights and interests of the stakeholders, and promote long-term efficient win-win cooperation between the Company and the majority of stakeholders. Besides, the Company fully considers the correlations between previous and subsequent information. Around the investors' demands for information related to decision-making, we orderly realize the positive cycle of "setting and fulfilling expectations" to build a good corporate image.

Information disclosure

Standardized and transparent information disclosure is fundamental for the Company to maintain effective communications with investors, regulatory authorities and other stakeholders. Our regular and temporary announcements truthfully, accurately, completely, promptly and fairly disclose the matters related to the Company's operation and governance. The Company strictly fulfills its obligations for information disclosure as a listed company, and actively protects the legitimate rights and interests of investors and other stakeholders.

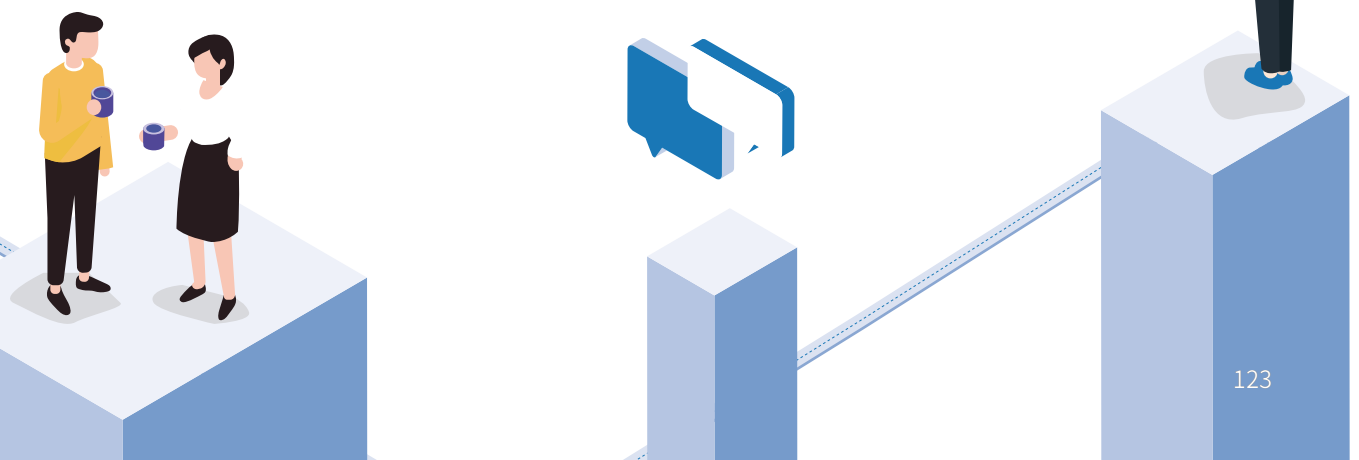
The Company designates the media that are qualified for information disclosure in the securities market as announced by the China Securities Regulatory Commission and the website of the Shanghai Stock Exchange as the media for publishing its announcements and other information to be disclosed. We have set up a special column for investor relations on our official website to synchronize our important announcements, in order to ensure that our investors and other stakeholders have easy access to accurate important information related to us through official and authoritative channels.

Main Information Disclosure Channels of the Company



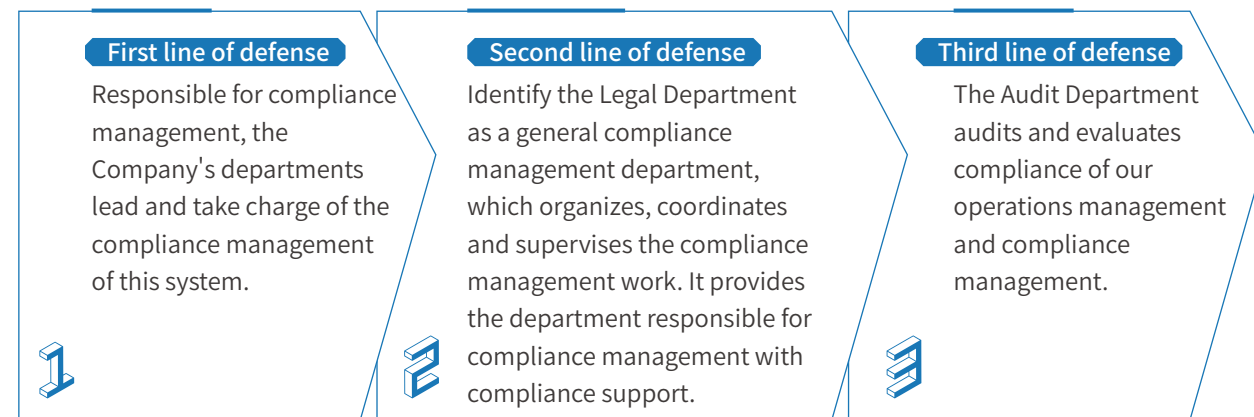
Communications

The Company interacted with its investors through general shareholders' meetings, performance briefings, SSE E-interactive, investor hotline, and E-mail to convey the investment value of the Company, other channels and methods. We actively accept visits and surveys from regulatory authorities and associations to strengthen the transparency and accuracy of our information disclosure. After each regular report, a performance briefing is organized. Our officers such as the general managers, independent directors, chief financial officers, and secretary of the Board of Directors are invited to participate in the exchanges.



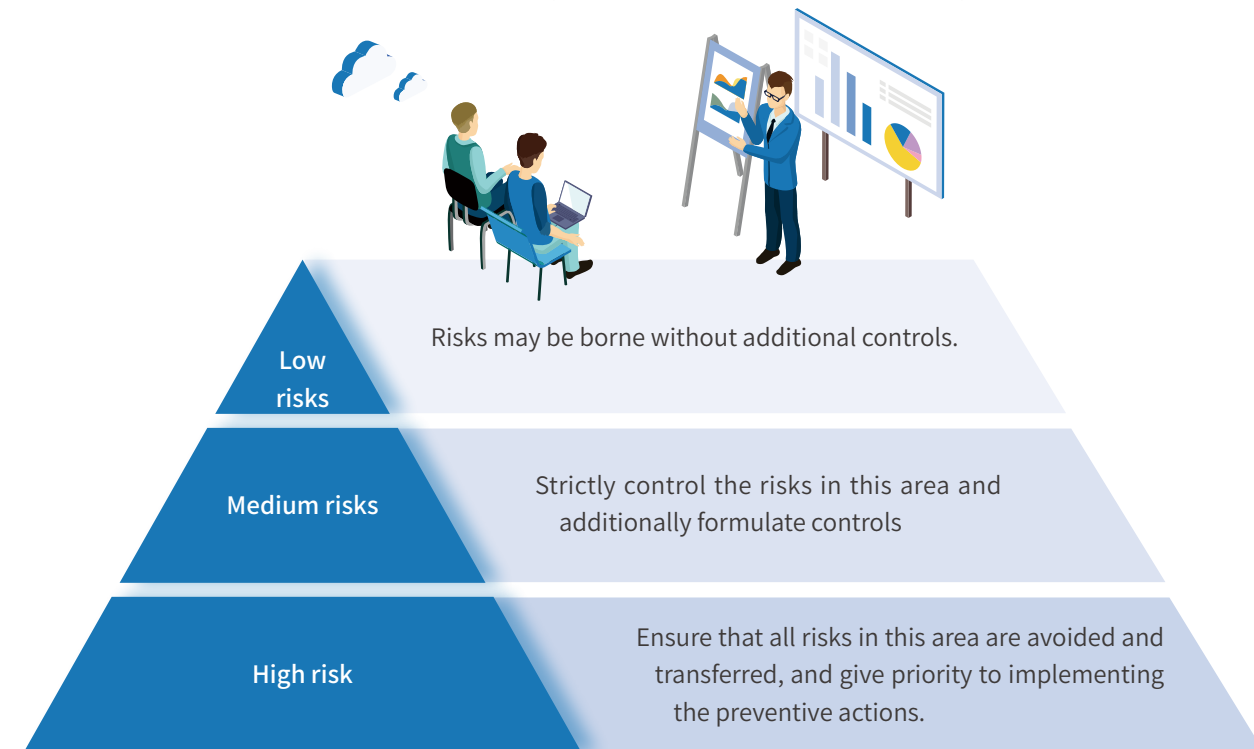
Risk Management

To improve our governance ability and risk management, ensure our long-term development and maximize our interests, we have set up the Audit Committee under the Board of Directors to coordinate our compliance management work and supervise the continuous operations of our compliance management system. The Company has formulated the *Internal Audit System, Corporate Risk Control and Early Warning Plan* and other systems, to strictly implement internal control and risk management, and ensure its steady development.



Internal Control and Management System of the Company

The Company annually identifies risks. We carry out whole-process risk identification for 67 risk categories in six major risk links, build our own risk database and risk warning mechanism, and conduct clear effective management and control of different risks that may affect our businesses. Based on the assessment results on risk level, the Company classifies risks into low, medium and high risks, and formulates corresponding countermeasures.



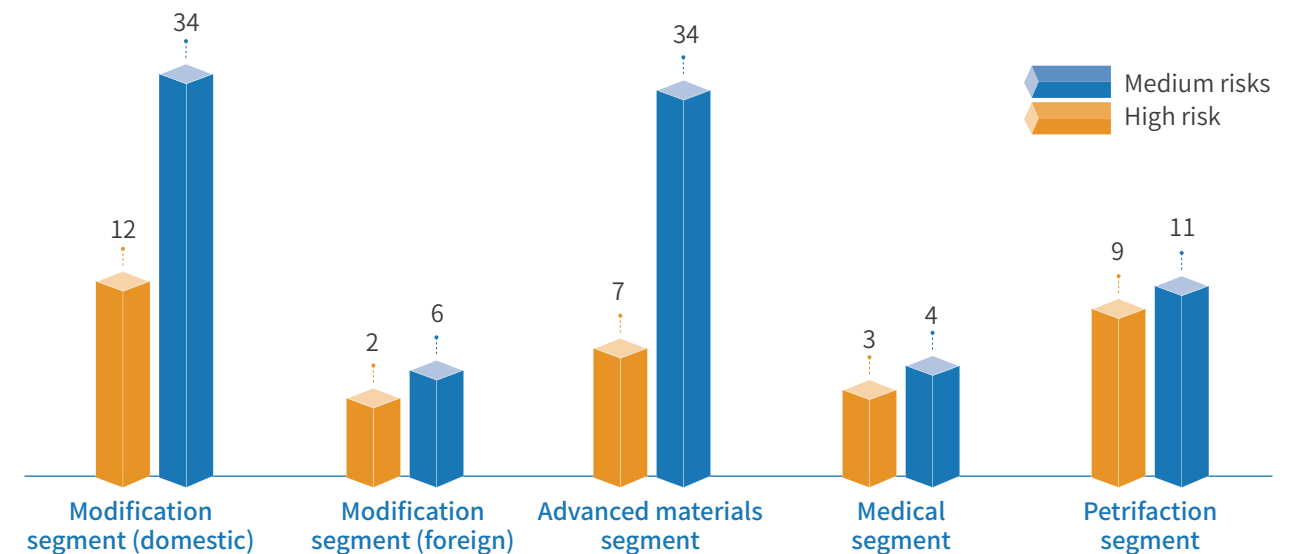
Response to Risks by Level

While summarizing and managing risk issues, the Company initiates risk warnings to investigate and warn risks. The Company establishes conditions for triggering risk warnings, sends potential identical risks by carbon copy or periodically releases them, to facilitate continuous attention and management of the risk database issues.

During the reporting period

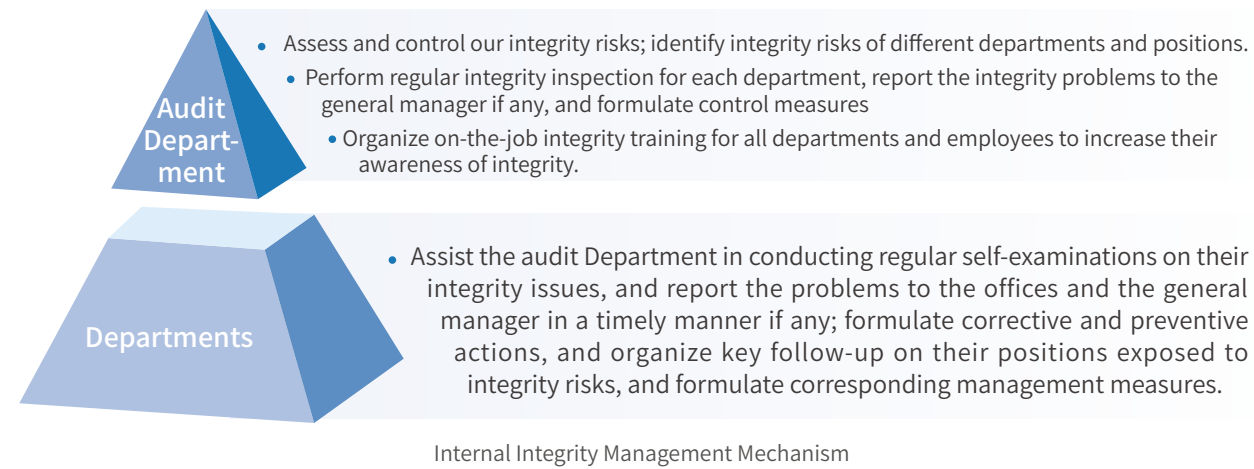


The group's risk diagnosis results



Business Ethics

In accordance with relevant laws and regulations on anti-corruption and anti-bribery, we have formulated a series of rules and regulations such as the *Regulations on Acceptance of Gifts for Business*, *Code of Conduct for Employees*, *Management Procedures for Business Ethics*, and *Management Regulations for Protection against Commercial Bribery* to regulate and control our employees' business conducts. We also enter into the *Integrity Commitment* with our suppliers. The *Management Regulations for Protection against Commercial Bribery* regulate our establishment and maintenance of an incorrupt management system. All customers, suppliers, service providers, and contractors who have business and financial dealings with us are covered by the management scope of this system. We have formulated the management policy for "bribery prohibition and fair trade", and resolutely reject commercial bribery, briber and other illegitimate business conducts.



We continuously improve our internal whistleblowing mechanism and whistleblower protection mechanism. We have set up a whistleblowing mailbox to receive employee complaints 24 hours all day long, strictly protect the whistleblowers' information, strictly keep the reported information confidential, and protect the whistleblowers from retaliation.



Reward and Punishment Measures for Business Ethics

The Company attaches importance to incorruptible party construction. We have formulated the *Management Regulations for Ethical Operations*, to incorporate the education on risks of integrity practice into our creation of "publicity patterns", include them in our cultural construction, and upgrade the education on prevention and control of integrity risks for key positions into a topic of education for fighting corruption and upholding integrity. We have established a training system on compliance and business ethics for all our employees. According to this system, all marketing and financial personnel are required to undergo training regarding anti-corruption, anti-bribery, and anti-money laundering. The employees of the Securities Department are regularly organized to learn about the new regulations of China Securities Regulatory Commission. We actively perform compliance training in our places of business, covering local laws and regulations as well as our code of conduct for compliance and ethics. We organize positive and negative typical education for the CPC members, to increase their awareness of integrity and self-discipline. Besides, we draw up annual work plans for Party construction to prevent corruption.

The Company finds out and identifies the integrity risks of key positions by self-inspection by the posts, main inspection by the leader, and further professional inspection. We take the utilization of public resources such as human, financial, and material resources as clues for detecting the institutional defects and management loopholes that are likely to cause corruption in key positions, possible abuse of power for private gains and lack of supervision that might result from the authorities in different positions. The integrity risks identified in the self-inspection by the posts will be submitted to our Supervisory Audit Department for preliminary examination once approved by the department heads after their primary examination, to determine the risk level. Then, organize further examination of our professional business, financial and production systems, to finally reach conclusions on the risk identification. Internally, we prepare a risk identification table for integrity practice, and to a certain extent, we accept supervision by the masses.

Respond to early warnings

- Build a team of disciplinary inspection and supervision personnel and strengthen managing signs of corruption
- Supervise information on signs; establish a mechanism for collecting information on signs of corruption, analyze and evaluate the signs, and provide early warnings; continuously improve the measures for risk prevention and control.
- Promptly respond to early warnings by heart-to-heart talks, critical education, admonitory talks, deadline specification for rectification and organizational punishment, etc.

Risk analysis

- Carefully analyze the identified integrity risks and further classify risks. Clarify pertinent precautionary measures.
- Improve key links of production management procedures and work procedures of key posts.

Decision-making supervision

- Improve our management measures for supervising our systems regarding decision-making on major issues, appointment and removal of important cadres, decision-making on investments in material projects, and use of large-sum funds, to increase operability and practicability of the systems.
- Specify the particular requirements for important management, to effectively strengthen the control over the risks in the decision-making on major issues, appointment and removal of important cadres, decision-making on investments in material projects, and use of large-sum funds in our project management

Procedure supervision

- The functional departments supervise the implementation through efficiency monitoring and other means with reference to the professional management system.
- Decompose tasks and assign responsibilities to each department and specific persons in charge
- Broaden the work scope of efficiency monitoring, and give full play to the roles in error check, deviation correction, and guarantee of efficiency supervision.

Democratic supervision

- Conscientiously implement several provisions on leadership and integrity practice
- Strengthen the leaders' incorruptible talks with personnel serving the key posts and thematic study about integrity practice
- Standardize supervision procedures, unblock reporting channels, and effectively protect the whistleblowers' personal safety and information confidentiality

Data security

The Company is highly aware of the importance of information assets. We have established a sound management system and conduct training for information security to ensure information confidentiality, integrity and availability. The Company maintains stringent confidentiality principles for the material information, and strictly controls the acquisition, storage, transmission and use of important information.

Information security protection

The Company has established a series of information security management systems, including the *Information Security Management Regulations*, the *Management Measures for Security Baselines*, and the *Management Measures for Information System Audit* to guarantee the security of information systems and data.



Annual Information Security Practices and Outcomes of the Company

The Company has formulated the *Management Measures for Information Security Training*, and we ensure effective performance of training by reinforcing standardized management of the information security training through institutional documents.

During the reporting period

the Company conducted **15** training sessions related to information security management with a coverage of **75%**

Among them, the Company organized a total of **8** training sessions on information security of the subsidiaries

- 4** information security training sessions for new employees
- 1** training session on awareness of information security for key personnel, and
- 2** training sessions on information security management requirements for IT personnel.

Case Information security training is conducted to learn about information security

The Company organizes thematic training about on-site information security for each subsidiary every year, which mainly covers the basic concepts of information security, its network threats, introduction of mainstream attack methods (e.g. APT, denial-of-access attack and social work), analysis and explanation of typical information security incidents that have occurred in the Company, how to prevent them, and common security risks and prevention methods for office scenarios. Help the employees master the basic knowledge and skills for protecting personal and corporate information assets through ongoing security training. Increase the employees' information security awareness and response capabilities. Reduce information security threats brought by human risks to the Company. Ensure the continuous and stable operation of information systems and data security.



Information Security Training - Chengdu



Information Security Training - Pizhou



Information Security Training - Wuhan



Information Security Training - Qingyuan



Information Security Training - Tianjin

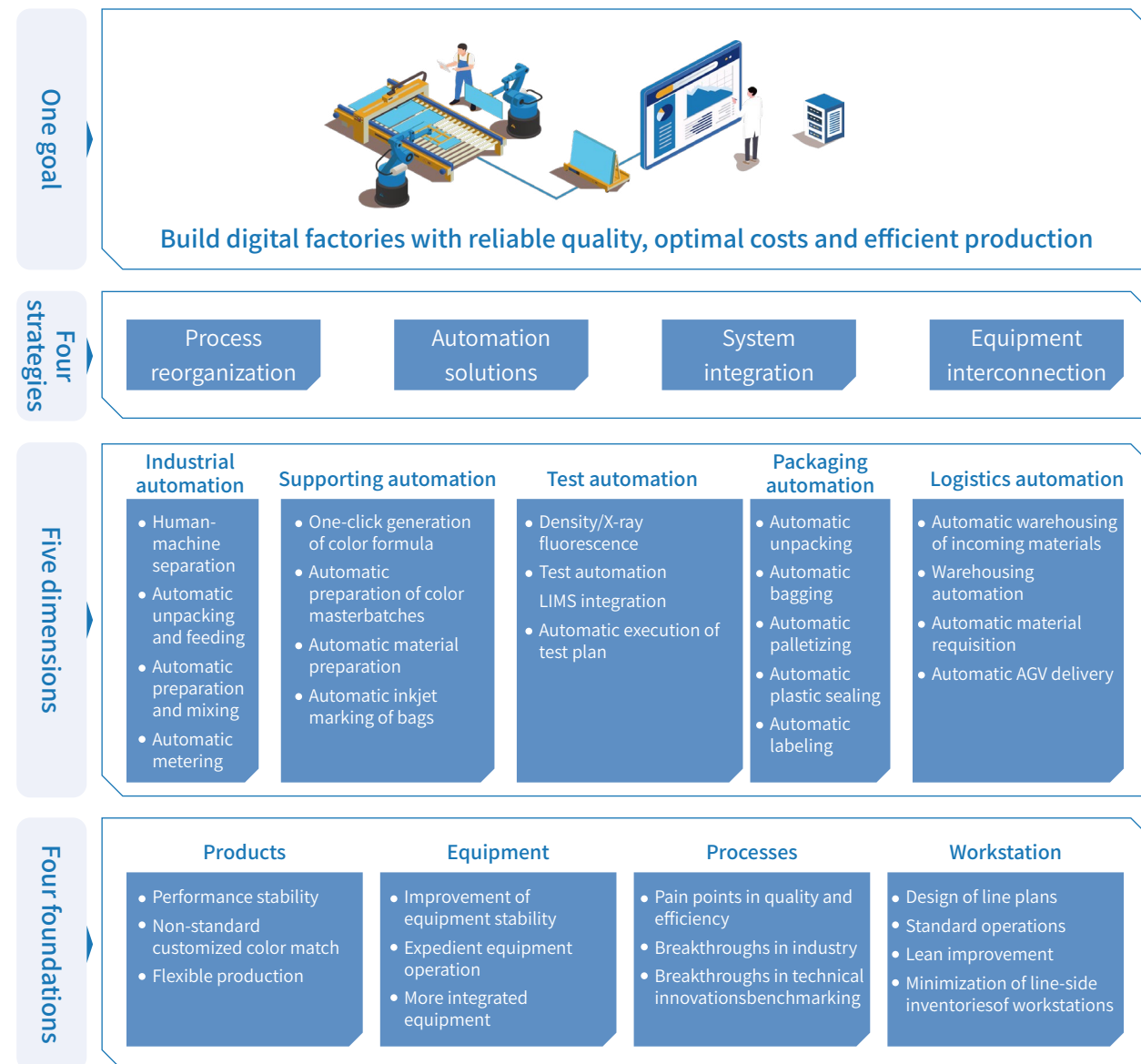


Confidentiality of Material Information

The Company has formulated the *Confidentiality Management Regulations*, which stipulate that internal confidentiality-related employees and external personnel shall enter into confidentiality agreements to ensure that sensitive information is not disclosed and the information security of the Company is guaranteed. In addition, the Company has also formulated and strictly implemented the *Management Specifications for Major Meetings* and the *Management Specifications for Meeting Safety* to ensure smooth progress of important meetings, confidentiality and security of meeting information.

Digital Construction

The Company actively responds to the development trend of digital factories. We continuously promote the intelligent and automated transformation of production lines by introducing advanced information technologies and digital production equipment.



Master Planning and Design of Digital Factories

Eight Core Constructions of Digital Factories



Case Put the digital factory into production and optimize the management procedures

In August 2023, Shanghai Kingfa Phase II digital factory was officially put into production, which not only marked the further improvement of the Company's production capacity, but also was a milestone in the Group's digital transformation. Starting from the digital factory, the Company improves its production efficiency, optimizes its management processes, and provides customers with higher-quality products and services using advanced technologies.



Shanghai Phase II Digital Factory Formally Put into Production

Intellectual Property Protection

The Company has formulated management systems for intellectual property protection, including the *Intellectual Property Management Manual* and the *Procedural Documents for Intellectual Property*, and established corporate standards such as the *Intellectual Property Management Regulations*. By establishing definite intellectual property management systems, the Company has obtained the intellectual property management system certification and been evaluated as a National Advantageous Intellectual Property Enterprise. We have built an intellectual property office and department to clarify the responsibilities of our management representatives, intellectual property authorities and other relevant departments, and appropriately allocate relevant resources. We have established and maintained an intellectual property management system, and conduct management reviews every year.

As of the end of the reporting period

the Company had applied for a total of **6,036** domestic and foreign patents

including **4,394** invention patents

utility models **761**

design patents **35**

PCT patents **552**

and **294** foreign patents

It took the lead among domestic manufacturers in the quantity of different patents obtained.

During the reporting period, the Company filed **602** applications for domestic patents including **436** invention patents, and **93** PCT applications.



Intellectual Property Management System Certification



National Advantageous Intellectual Property Enterprise



Case

Intellectual property training was performed to share the experience about the transformation of achievements

In April 2023, the training with the theme of "transformation of technological achievements and innovation of industry-academia-research integration" hosted by the Guangzhou Intellectual Property Protection Center was performed in the Company. About 30 people from the Company and related stakeholders participated in this event, providing experience and making suggestions for the intellectual property representatives of technology-based enterprises to transform their technological achievements and conduct industry-academia-research cooperation.



Intellectual Property Training

Case

Training on patent mining was conducted to enhance the Company's competitiveness

From April to May 2023, the Company organized several patent training sessions for technical R&D personnel, process equipment, and product R&D personnel, in order to help the employees comprehensively improve their professional capabilities for patent mining and management. Through the training sessions, the Company improved the employees' understanding of the cutting-edge technologies, obtained powerful support for its innovations, enabled the employees to better understand the patent systems and strategies for intellectual property protection, cultivated their innovative thinking and competition awareness, and enhanced its own competitiveness.



GRI content index



GRI STANDARD	DISCLOSURE	LOCATION
Statement of use	Kingfa Sci. & Tech. Co., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2023, to December 31, 2023 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI 2: General Disclosures 2021	2-1 Organizational details	Company Profile
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	About This Report
	2-6 Activities, value chain and other business relationships	Company Profile
	2-7 Employees	Equality, Inclusion, and Diversity; List of Key Performance Indicators
	2-9 Governance structure and composition	ESG Management System; Operations of Three Boards
	2-10 Nomination and selection of the highest governance body	Operations of Three Boards
	2-11 Chair of the highest governance body	Operations of Three Boards
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Management System; Operations of Three Boards
	2-13 Delegation of responsibility for managing impacts	ESG Management System
	2-14 Role of the highest governance body in sustainability reporting	ESG Management System
	2-16 Communication of critical concerns	Stakeholder Communication
	2-19 Remuneration policies	Operations of Three Boards
	2-20 Process to determine remuneration	See the annual report
	2-22 Statement on sustainable development strategy	To Stakeholders
	2-23 Policy commitments	Equality, Inclusion, and Diversity
	2-24 Embedding policy commitments	Contributions to UN Sustainable Development Goals
	2-25 Processes to remediate negative impacts	Employees' Rights and Interests
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics
	2-27 Compliance with laws and regulations	No violation in the Company
	2-28 Membership associations	Main Participatory Domestic Associations and Organizations
	2-29 Approach to stakeholder engagement	Identification of Material Issues



GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Identification of Material Issues
	3-2 List of material topics	Identification of Material Issues
	3-3 Management of material topics	Identification of Material Issues
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Changes
	201-3 Defined benefit plan obligations and other retirement plans	Employees' Rights and Interests
	201-4 Financial assistance received from government	See the annual report
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social Development and Public Welfare
	203-2 Significant indirect economic impacts	Social Development and Public Welfare
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No related lawsuit in the Company
GRI 207: Tax 2019	207-1 Approach to tax	See the annual report
	207-2 Tax governance, control, and risk management	See the annual report
	207-3 Stakeholder engagement and management of concerns related to tax	See the annual report
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	Resource Conservation
	302-1 Energy consumption within the organization	Energy Management
	302-3 Energy intensity	Energy Management
	302-4 Reduction of energy consumption	Energy Management
	302-5 Reductions in energy requirements of products and services	Energy Management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Resource Conservation
	303-2 Management of water discharge-related impacts	Waste Management
	303-3 Water withdrawal	List of Key Performance Indicators
	303-4 Water discharge	List of Key Performance Indicators
	303-5 Water consumption	Resource Conservation; List of Key Performance Indicators



GRI STANDARD	DISCLOSURE	LOCATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Addressing Climate Changes
	305-2 Energy indirect (Scope 2) GHG emissions	Addressing Climate Changes
	305-4 GHG emissions intensity	Addressing Climate Changes
	305-5 Reduction of GHG emissions	Addressing Climate Changes
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	List of Key Performance Indicators
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management
	306-2 Management of significant waste-related impacts	Waste Management
	306-3 Waste generated	List of Key Performance Indicators
	306-4 Waste diverted from disposal	Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	List of Key Performance Indicators
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain; List of Key Performance Indicators
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	List of Key Performance Indicators
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees' Rights and Interests
	401-3 Parental leave	Employees' Rights and Interests
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety



GRI STANDARD	DISCLOSURE	LOCATION
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development and Training
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development and Training
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Equality, Inclusion, and Diversity; List of Key Performance Indicators
	406-1 Incidents of discrimination and corrective actions taken	Equality, Inclusion, and Diversity
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employees' Rights and Interests
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Equality, Inclusion, and Diversity
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Equality, Inclusion, and Diversity
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No event concerning infringement upon the indigenous people's rights
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Development and Public Welfare
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain; List of Key Performance Indicators
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety; List of Key Performance Indicators
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Customer Services
	417-2 Incidents of non-compliance concerning product and service information and labeling	Customer Services
	417-3 Incidents of non-compliance concerning marketing communications	Customer Services
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related complaint in the Company

List of Key Performance Indicators



Indicators		Unit	2021	2022	2023
Environmental protection input	Total investment in environmental protection	CNY10,000	5,510.87	5,640.23	6,689.70
	Direct energy consumption	Tons of standard coal	331,099.35	222,972.54	618,559.85
Energy consumption	Natural gas ³	Nominal cubic meter	45,420,273.21	17,958,913	122,408,572
	Diesel	Ton	393	268	284
	Coal water slurry	Ton	432,334	314,168	424,676
	Propane ³	Ton	0	0	444,958
	Indirect energy consumption	Tons of standard coal	373,742.97	315,849.68	590,678.64
	Purchased electricity ³	'0000 kWh	77,610	73,306	199,721
	Medium-pressure steam	Ton	2,257,989.163	1,641,952.217	2,787,760.571
	Low-pressure steam	Ton	250,039.67	427,803.00	325,068.7263
	PV power generation (self-generation for self-use) ¹	'0000 kWh	/	1,137	1,334
	Total energy consumption ²	Tons of standard coal	704,842.25	540,220.24	1,210,877.98
Intensity of energy consumption	ton standard coal/RMB '0000 operating revenue	0.18	0.13	0.25	
Consumption of water resources	Purchased municipal water	Ton	5,359,027	3,870,989	10,627,435
	Desalted water	Ton	0	0	2,452,794
	Groundwater	Ton	0	0	2,356

1. In 2021, the Company deployed photovoltaic modules, by which power was generated for self-use, but the PV power generation was not systematically analyzed.

2. The PV power generation was included in the total energy consumption.



Indicators		Unit	2021	2022	2023
Emissions of gaseous pollutants	Total waste gas emissions ³	m ³	15,167,781,315	12,115,581,982	21,795,515,009
	Recovery rate of waste gases	%	8.03	10.52	26.26
	Particles	Ton	32.234336	193.155492	753.820625
	Non-methane hydrocarbon	Ton	310.468	257.075	127.673
	Nitrogen oxides	Ton	124.825745	216.483935	106.111583
	Sulfur oxide	Ton	33.9	50.833	53.434989
	VOC emissions	Ton	309.76	721.23	1,446.83
Emissions of water pollutants	Total wastewater discharge ³	Ton	528,164.0	1,463,014.4	5,434,078.1
	Recovery rate of wastewater	%	11.54	4.05	8.54
	Chemical oxygen demand (COD)	Ton	29.662	82.933	238.711
	Five-day bod (BOD5)	Ton	11.036	14.795	45.819
	Suspended matter	Ton	12.202	13.322	34.577
	Ammonia nitrogen	Ton	0.522	2.043	6.055
	Total phosphorus	Ton	0.185	0.584	1.822

3. From August 2022, Liaoning Kingfa started trial production and pollutant discharge, so material changes occurred to propane consumption, purchased electricity, emission, and other indicators.



Indicators		Unit	2021	2022	2023
Waste emissions ⁴	Total waste emissions	Ton	13,691.3	20,803.53	20,873.35
	Recovery rate of wastes	%	22.97	25.68	33.89
	Emissions of hazardous wastes	Ton	2,026.2	3,360.6	8,848.17
	Emissions of non-hazardous wastes	Ton	11,665.1	17,442.93	12,025.14
	Emissions of high-level wastes	Ton	0	0	0
Customer services	Customer satisfaction	%	/	/	92.4
	Customer complaint handling rate	%	100	100	100
Sustainable supply chain ⁵	Total number of suppliers	/	3,226	6,699	8,307
	Suppliers of Mainland China	/	3,102	6,430	8,009
	HK, Macao, Taiwan, and foreign suppliers	/	164	269	298
	Percentage of Supplier Code of Conduct signed	%	100	100	100
	Percentage of suppliers with clauses that include environmental and labor requirements ⁶	%	100	100	100
	Total number of new suppliers	/	490	3,433	1,608
	Percentage of new suppliers that were screened using environmental criteria ⁶	%	100	100	100
	Percentage of new suppliers that were screened using social criteria ⁶	%	100	100	100
	Percentage of our purchasing specialists passing sustainable procurement training	%	0	100	100

4.The waste emissions excluded waste empty barrels and paint barrels produced by Kingfa Medical, as well as the waste that weight is hard to measure.

5.The number of suppliers, which is indicated in the SRM system launched online, excludes the number of suppliers in the systems not launched and overseas bases.

6.The indicator marked * only indicates the percentage of suppliers of raw materials made in China.



Indicators		Unit	2021	2022	2023
Employees	Male	Person	6,689	8,221	8,541
	Female	Person	1,847	2,129	2,088
	51 and above	Person	564	756	892
	41~50	Person	1,819	2,055	2,124
	31~40	Person	3,565	4,036	4,034
	30 and below	Person	2,588	3,503	3,579
	Employees working in Mainland China	Person	8,166	9,973	10,217
	Other countries and regions	Person	370	377	412
	Doctor	Person	106	124	168
	Master Degree	Person	707	895	1,136
	Undergraduate	Person	1,483	2,536	2,849
	Below the Bachelor's Degree	Person	6,240	6,795	6,476
	Total number of grassroots employees	Person	4,686	4,609	5,122
	Total number of employees in middle management	Person	113	114	122
	Total number of employees in senior management	Person	52	52	64
	Scientific research personnel	Person	1,059	1,112	1,447
	Human resources	Person	95	92	123
	Financial staff	Person	243	278	317
	Operations management	Person	315	325	639
	Information technologies	Person	65	79	105
Other	Person	6,759	8,464	8,005	



	Indicators	Unit	2021	2022	2023
Employment	Total rate of new employees	%	21	18	23
	Total turnover rate	%	18	14	19
Employee training	Total number of trained employees	Person	7,413	8,685	10,658
	Classification by gender: trained male employees	Person	6,013	6,987	8,565
	Classification by gender: trained female employees	Person	1,400	1,698	2,093
	Classification by type: trained grassroots employees	Person	6,401	7,642	9,546
	Classification by type: trained employees in middle management	Person	827	854	923
	Classification by type: trained employees in senior management	Person	185	189	189
	Total training hours of employees	h	206,303.79	257,857.65	440,232.29
	Average training hours per employee	h	27.83	29.69	41.3
	Classification by gender: total training hours of male employees	h	166,079.06	211,775.97	340,458.75
	Classification by gender: total training hours of female employees	h	40,224.73	46,081.68	99,773.54
	Classification by type: total training hours of grassroots employees	h	125,015.94	173,064.13	345,720.65
	Classification by type: total training hours of employees in middle management	h	63,596.3	66,313.1	75,316.8
	Classification by type: total training hours of employees in senior management	h	17,691.55	18,480.42	19,194.84
	Social welfare	Amount of investment in social public welfare	CNY10,000	1,486.1	1,166.85
Number of participants in employee volunteer activities		Person-times	147	199	181
Average time spent on employee volunteer activities		h	29	56.21	27.3

Main Participatory Domestic Associations and Organizations



Unit	Associations/organizations	Position Held
The Company	China National Light Industry Council	Vice chairman units
	China Plastic Processing Industry Association	Vice chairman units
	Plastic Carbon Neutrality Working Group of the National Technical Standardization Committee on Plastics	Director and member units
	Technical Subcommittee on Modified Plastics of the National Technical Standardization Committee on Plastics	Director and member units
	China Synthetic Resin Association	Standing council member units
	ABS Branch of China Synthetic Resin Association	Member Unit
	China Association of Automobile Manufacturers	Vice chairman units
	China Household Electrical Appliances Association	Member Unit
	China Packaging Federation	Vice chairman units
	Society of Competitive Intelligence of China	Ordinary member units
	China Electronics Standardization Institute (National Technical Standardization Committee on National All-or-nothing Relays)	Director and member units
	Working Group on Standards for Pollution Prevention and Control of Electrical and Electronic Products, Ministry of Industry and Information Technology	Member units with full authorities
	China Association for Public Companies	Council Member
	Kingfa Environmental	Professional Committee on Recycling of Plastics, China Plastic Processing Industry Association
Recycled PCR Self-discipline Organization		Initiators
Green Recycle Plastic Supply Chain Group (GRPG)		Initiators
	Sustainability Working Group on Food Contact Materials	Member units

Overview of Certificates



System certification	The Company	Shanghai Kingfa	Jiangsu Kingfa	Wuhan Kingfa	Tianjin Kingfa	Chengdu Kingfa	Kingfa Environmental	Jiangsu Kingfa Recycling	Qingyuan Base	Specialty Engineering Plastics Company	Zhuhai Kingfa
Quality	ISO 9001	✓	✓	✓	✓	✓	✓	✓		✓	✓
	IATF 16949	✓	✓	✓	✓	✓				✓	
	ISO 13485										
	MDSAP										
	5GONOGO								✓		
Environment	ISO 14001	✓	✓	✓	✓	✓	✓	✓			✓
Occupational health and safety	ISO 45001	✓	✓	✓	✓	✓	✓	✓			✓
	Hazardous substances	QC08000	✓			✓				✓	
Laboratory	ISO/IEC 17025	✓	✓								
Sustainability	GRS		✓	✓			✓	✓	✓		
Social responsibilities	CSR(SA80000/RBA/SMETA/IWAY)	✓					✓	✓	✓		
Measurement	ISO 10012	✓									
Intellectual property	GB/T 29490	✓	✓	✓	✓						
Brand certification	GB/T 27925	✓									
Energies	ISO 50001							✓	✓		
	GB/T23001 Integration of informatization and industrialization management systems					✓					
	AEO	✓				✓					
	BRC (packaging materials)						✓				
	ISO 28000						✓				

System certification	Guangdong Kingfa Composites	Guangdong Kingfa	Ningbo Kingfa	Liaoning Kingfa	Kingfa (USA)	Kingfa (Europe)	Factory of Kingfa (India) in Chakan	Factory of Kingfa (India) in Pondi	Factory of Kingfa (India) in Manesar
Quality	ISO 9001	✓	✓	✓	✓	✓	✓	✓	✓
	IATF 16949	✓				✓	✓	✓	✓
	ISO 13485		✓				✓		
	MDSAP		✓						
	5GONOGO						✓	✓	
Environment	ISO 14001			✓	✓	✓	✓	✓	
Occupational health and safety	ISO 45001			✓	✓		✓	✓	
	Hazardous substances	QC08000							
Laboratory	ISO/IEC 17025					✓			
Sustainability	GRS						✓		
Social responsibilities	CSR(SA80000/RBA/SMETA/IWAY)	✓				✓			
Measurement	ISO 10012								
Intellectual property	GB/T 29490								
Brand certification	GB/T 27925								
Energies	ISO 50001								
	GB/T23001 Integration of informatization and industrialization management systems								
	AEO		✓	✓					
	BRC (packaging materials)								
	ISO 28000					✓	✓		

Reader's Feedback

Dear Reader,

Thank you for reading the "2023 Environmental, Social and Corporate Governance (ESG) Report of the Company". To provide you and other stakeholders with more professional and valuable corporate ESG information, please answer our related questions in this feedback form to help us further improve our future ESG work.

Choice Questions (please tick the appropriate box)

1. For the Company, what's your identity?

- Employee Customer Supplier Regulatory Authority Media
 Others (please indicate) _____

2. What is your overall evaluation of this Report?

- Very good Relatively good Medium Relatively poor Very poor

3. What do you think of the outline of this Report?

- Very reasonable Relatively reasonable Medium Relatively poor Very poor

4. What do you think of the layout design and presentation form of this Report?

- Very good Relatively good Medium Relatively poor Very poor

5. What do you think of the Company's overall performance in the environmental issues?

- Very good Relatively good Medium Relatively poor Very poor

6. What do you think of the Company's overall performance in the social issues?

- Very good Relatively good Medium Relatively poor Very poor

7. What do you think of the Company's overall performance in the governance issues?

- Very good Relatively good Medium Relatively poor Very poor

Open-ended Question:

What opinions and suggestions do you have regarding the Company's ESG work?

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Associate Editor: Dai Yaoshan

Responsible Editors: Tang Hailan, Kuang Sirong

Members of the Editorial Board (arranged in random order): Ye Nanbiao, Huang Hesheng, Li Peng, Fu Jiangying, Lu Yuanqiu, Lei Yuewen, Xu Xianjun, Xiao Peng, Guan Xunning, Zhang Chao, Zeng Xiangbin, Fu Xuejun, Chen Yan'an, Wang Zongke, Qi Wenliang, Peng Zhongquan, Rao Xiang, Wu Bo, Wei Deguang, Gu Junyong, Ding Min, Yu Xingxing, Peng Zhi, Liu Siyang, Cai Hongxiang, Ning Kaijun, Lin Jinlong, Ren Jie, Zhao Shijun, Hu Qisong, Li Baosen, Qin Chunyan, Li Yihang, Wu Jiechun, Wang Tingting, Tang Hongli, Lu Jingwen, Deng Xiaojun, Yang Yong, Liu Jin, Huang Haibin, Guo Pan, Cao Liying, Deng Zhendong, Chen Huazhang, Lou Zhihe, Wen Yanmei, Wang Shuting, Hu Miao, Liao Mengyuan, Zhou Binzhao, Zhou Ruxin, Huang Shifang, Xiao Minting, Lin Sisong, Ren Ming

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