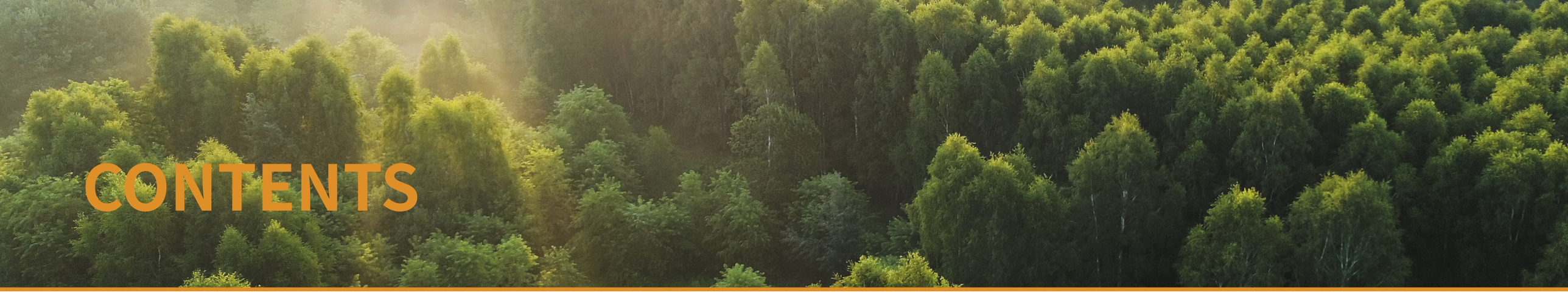
KINGFA
金发科技

Abbreviation of the Company: Kingfa Sci. & Tech.
Stock Code: 600143

KINGFA SCI. & TECH. CO., LTD.

2025 SUSTAINABILITY REPORT



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Description of the Report Preparation

This Report is the fourth annual sustainability report published by Kingfa Sci. & Tech. Co., Ltd. (the previous three reports were published under the title Environmental, Social and Governance Report), aiming to disclose to investors and other stakeholders our philosophies regarding ESG topics in our operations, the management approaches we established, the work we carried out, and the results we achieved.

Coverage

This Report covers Kingfa Sci. & Tech. Co., Ltd. and its subsidiaries (hereinafter referred to as "the Group"). Unless otherwise specified, it is consistent with the scope of the consolidated financial statements of Kingfa Sci. & Tech. Co., Ltd. (stock code: 600143) for the same period.

Time Frame

This Report covers the period from 1 January 2025 to 31 December 2025. Unless otherwise specified, the data in this Report refer to those in the period covered.

Basis for Preparation

This Report was prepared in accordance with the requirements of the Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Standardized Operation, Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) (hereinafter referred to as the "Guidelines"), Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE—Compilation of Sustainable Development Reports (Revised in January 2026), and A Practical Guide to Sustainability Reporting of Listed Companies in China. It also refers to the Global Reporting Initiative Standards (2021) issued by the Global Sustainability Standards Board (GSSB) (hereinafter referred to as the "GRI Standards").

Notes on Data

The data in this Report are derived from the official records of the actual operation of the Company. The financial data in this Report are all in RMB. In case of any discrepancies between the financial data and the Company's annual financial report, the annual financial report shall prevail.

Principles of Preparation

• Materiality
The Company has identified material topics related to its operation that all stakeholders are concerned about as the highlights of this Report. While reporting on the material topics in this Report, we also took into account the characteristics of our industry and business operations. For details on the analysis process and results of topic materiality, please refer to the section "Analysis of Material Topics" in this Report.

• Accuracy
This Report ensures that the information is as accurate as possible. In particular, the measurement of quantitative information has been stated in terms of data scope, calculation basis, and assumptions to ensure that the margin of error in the calculation is not misleading to users of the information. Quantitative information and notes are detailed in the "ESG Data Tables and Notes" section of this Report.

• Balance
The content of this Report reflects objective and true facts, providing unbiased disclosure of both positive and negative information related to the Company. During the reporting period, no negative incidents were identified that should have been disclosed but were not disclosed.

• Clarity
This Report is available in Chinese, English, and Japanese versions for readers' reference. In the event of any ambiguity between the three versions or any inconsistency caused by language, the Chinese version shall prevail. It contains tables, diagrammatic figures, a glossary of technical terms, etc., to supplement the written content and facilitate stakeholders' understanding of the information presented. To help stakeholders access information more efficiently, this Report also provides a table of contents and an ESG standards Benchmarking Index Table.

• Quantification
This Report discloses key quantitative performance indicators and, where possible, historical data.

• Comparability
The Company maintains consistency in the statistical and disclosure methodology for the same quantitative indicators across different reporting periods. Where there are changes to the data collection, measurement or calculation methods, the relevant data are retrospectively adjusted, and the adjustments and the reasons for them are explained in the notes to the report, so as to enable stakeholders to conduct meaningful analysis and assess trends in the Company's ESG performance.

• Completeness
The scope of entities covered by this Report is consistent with that of the Company's consolidated financial statements.

• Timeliness
This is an annual report covering the period from 1 January 2025 to 31 December 2025.

• Verifiability
The cases and data in this Report are derived from the Company's original operational records or financial reports. The Company uses the performance management system to manage ESG data. The sources and calculation processes of the disclosed data are traceable and can be used to support external assurance work inspections.

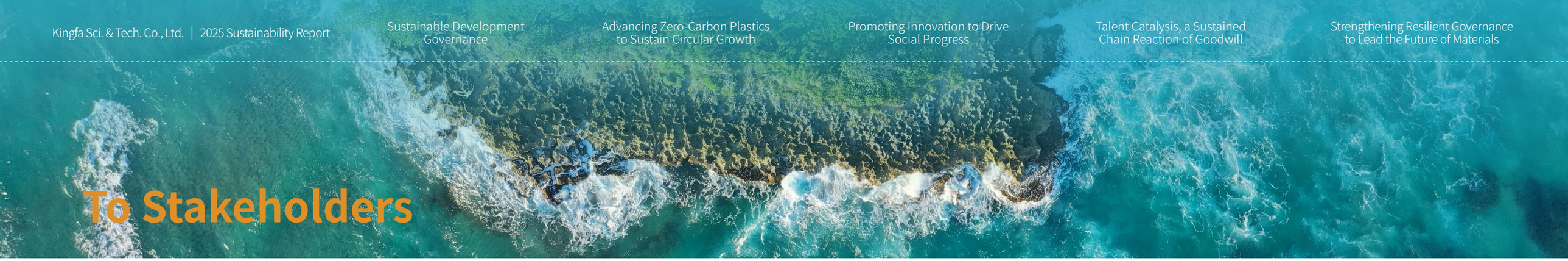
Access to This Report

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/).

Definition

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

The Company/we	means	Kingfa Sci. & Tech. Co., Ltd.
Articles of Association	means	Articles of Association of 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 (Mexico)	means	KINGFA SCIENCE & TECHNOLOGY MEXICO, S.DE R.L.DE C.V.
Kingfa (Europe)	means	KINGFA SCI.&TECH. (EUROPE) GMBH.
Kingfa (Spain)	means	KINGFA ENVIRONMENTAL SCI&TECH SPAIN, S.L.
KINGFA (Poland)	means	KINGFA SCIENCE AND TECHNOLOGY POLAND SPZ. O.O
Kingfa (India)	means	KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED
Kingfa (Japan)	means	KINGFA SCIENCE AND TECHNOLOGY (JAPAN) CORPORATION LIMITED
Kingfa (Malaysia)	means	KINGFA SCI&TECH (MALAYSIA) SDN. BHD.
Kingfa (Vietnam)	means	KINGFA SCIENCE & TECHNOLOGY (VIETNAM) CO., LTD.
Kingfa (Indonesia)	means	PT KINGFA SCI AND TECH INDONESIA
Kingfa (Korea)	means	KINGFA SCIENCE & TECHNOLOGY KOREA CO.,LTD.
Kingfa Biomaterials	means	Zhuhai Kingfa Biomaterials Co., Ltd.
Zhuhai Vanteque Specialty Engineering Plastics	means	Zhuhai Vanteque Specialty Engineering Plastics Co., Ltd.
Ningbo Kingfa	means	Ningbo Kingfa Advanced Materials Co., Ltd.
Liaoning Kingfa	means	Liaoning Kingfa Sci. & Tech. Co., Ltd.
Sichuan Kingfa	means	Sichuan Kingfa Sci. & Tech. Dvpt. Co., Ltd.
Hainan Kingfa	means	Hainan Kingfa Sci. & Tech. Co., Ltd.
Liaoning Kingfa Biomaterials	means	Liaoning Kingfa Biomaterials Co., Ltd.
Kingfa Environmental	means	Kingfa Environmental Sci. & Tech. Co., Ltd.
Kingfa Medical	means	Guangdong Kingfa Medical Sci. & Tech. Co., Ltd.
Kingfa Recycling	means	Jiangsu Kingfa Recycling Co., Ltd.
Guangdong Kingfa Composites	means	Guangdong Kingfa Composites Co., Ltd.
Qingyuan Meijin	means	Qingyuan Meijin Advanced Material Sci. & Tech. Co., Ltd.
ABS/SAN	means	Styrenic resin
PP	means	Polypropylene
PE	means	Polyethylene
PPS	means	Polyphenylene sulphide
PBAT	means	Poly(butylene adipate-co-terephthalate)
PBT	means	Polybutylene terephthalate
PBST	means	Poly(butylene terephthalate-co-butylene succinate)
ABS	means	Acrylonitrile butadiene styrene
PLA	means	Polylactic acid
BDO	means	1,4-Butanediol
LCP	means	Liquid crystal polymer
LED	means	Light-emitting diode
PA	means	Polyamide
ASA	means	Acrylonitrile-styrene-acrylate copolymer
MBS	means	Methyl methacrylate-butadiene-styrene
PPA	means	Polyphthalamide, semi-aromatic polyamide
PEEK	means	Polyetheretherketone
PPSU	means	Polyphenylsulfone resin
PES	means	Polyethersulphone
PCR	means	Post consumer recycled
COC	means	Cyclic olefin copolymer
PBS	means	Polybutylene succinate
PFAS	means	Per- and polyfluoroalkyl substances
RTO	means	Regenerative thermal oxidiser
PDH	means	Propane dehydrogenation
PVC	means	Polyvinyl chloride
GWIT	means	Glow-wire ignition temperature
PPWR	means	EU Packaging and Packaging Waste Regulation
CBAM	means	EU Carbon Border Adjustment Mechanism
ELVR	means	EU End-of-Life Vehicles Regulation
FDA	means	US Food and Drug Administration
EFSA	means	European Food Safety Authority
RCEP	means	Regional Comprehensive Economic Partnership
SDS/MSDS	means	Safety Data Sheet/Material Safety Data Sheet
RoHS	means	EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment
TSCA	means	US Toxic Substances Control Act
POP	means	EU Persistent Organic Pollutants Regulation
SCI	means	Science citation index
Ei	means	Engineering index
Scopus	means	Academic information retrieval platform launched by Elsevier
CAS	means	US Chemical Abstracts Service and its databases
DOAJ	means	Directory of Open Access Journals
UL	means	US Underwriters Laboratories
CQC	means	China Quality Certification Centre
RPN	means	Risk priority number
PSM	means	Process safety management
JHA	means	Job hazard analysis
ICT	means	Information and communications technology
PCT	means	Patent Cooperation Treaty
SRM	means	Supplier relationship management
AEO	means	Authorised economic operator
ISCC PLUS	means	International Sustainability and Carbon Certification
GRS	means	Global Recycled Standard certification
RecyClass	means	Recycled plastics certification
MDSAP	means	Medical Device Single Audit Programme
MDR	means	EU Medical Device Regulation
RMB	means	Chinese Yuan
Reporting period	means	2025



To Stakeholders

2025 was a pivotal year for the Company as the new leadership team fully assumed its responsibilities and charted a new chapter. In the face of the continued deepening of the topics about global climate change and sustainable development, we closely focused on the management theme of "focusing on innovation-driven development, enhancing organisational effectiveness, and accelerating the internationalisation process", and made coordinated efforts across environmental, social, and corporate governance, advancing with firm steps towards a new journey of high-quality sustainable development.

In 2025, the Company's global footprint of "being rooted in China, deeply cultivating the Asia-Pacific, and expanding into Europe and the Americas" was gradually consolidated, with a cumulative total of 11 overseas bases and 25 representative offices established. In Europe, the Spain factory was completed and construction of the Poland base progressed steadily; in the Americas, Kingfa (USA) celebrated its tenth anniversary, and construction of Kingfa (Mexico) commenced; in Southeast Asia, the Vietnam factory achieved scaled-up mass production, and the Indonesia factory was successfully put into operation; in South Asia, the new factory of Kingfa (India) with an annual production capacity of 80,000 tonnes was put into operation; in Africa, service networks in South Africa, Morocco and other locations were planned, further enhancing our global reach.

Environmental: Advancing Zero-Carbon Plastics to Sustain Circular Growth

We have always regarded environmental protection as the cornerstone of the Company's survival and development. In 2025, the Company continued to deepen its development philosophy of being "green, low-carbon, and circular". Guided by the objective of achieving "one million tonnes in three fields", throughout the year, we produced 309,400 tonnes of green plastics, recycled 272,000 tonnes of waste plastics, and produced 379,000 tonnes of recycled plastics, promoting pollution reduction and carbon reduction across the entire plastics industry chain through an integrated solution for "making the best use of plastics". The Company actively advanced the application of clean energy. Photovoltaic power generation reached 83.3433 million kWh, representing an increase of 250.33% compared with 2024. Total annual purchases of green electricity reached 70.1510 million kWh. Hydrogen energy utilisation achieved remarkable results, with hydrogen-rich gas output at the green petrochemical production base reaching 16,406.73 tonnes and high-purity hydrogen output reaching 7,814.79 tonnes, achieving a win-win outcome in both economic and environmental benefits. By virtue of our outstanding performance in climate change response and the circular economy, the Company's mainstream domestic and international ESG ratings improved significantly. Our S&P CSA ESG score entered the top 20% of global chemical industry companies, our Wind ESG rating was upgraded to AA, and we were recognised among the 2025 Top 100 ESG Best Practices of Chinese Listed Companies, received an AAA ESG rating from CSI Index, and won multiple awards related to influence and sustainable development, with our green competitiveness continuing to improve.

Social: Promoting Innovation to Drive Social Progress

We remained committed to innovation-driven development and giving back to society with high-quality products and services. In 2025, the Company remained committed to innovation-driven development, accelerated the digital transformation of R&D, and Dr. Huang Xianbo was elected as an Academician of the Chinese Academy of Engineering. During the year, the Company undertook two Major National Science and Technology Projects and received one Second Prize of the National Science and Technology Progress Award and three China Patent Excellence Awards, injecting strong momentum into the transformation and upgrading of the industrial chain through technological breakthroughs. The Company continued to deepen its "three-in-one" marketing model and initially established an efficient and coordinated global operating network. During the year, we participated in more than 30 industry exhibitions and events, including CHINAPLAS and K Show, enabling technological innovation and services to reach frontline customers with zero distance. The Company continuously improved the sustainable management system for the supply chain and promoted the enhancement of suppliers' ESG capabilities, with the coverage of sustainable procurement training reaching 100% for the year. In terms of talent development, we established a global training system, with total employee training hours exceeding 550,000 and overseas employees reaching 916, while the international talent pipeline continued to expand. At the same time, the Company actively participated in rural revitalisation and social welfare initiatives, conveying corporate warmth through practical actions and contributing to the building of a better society.

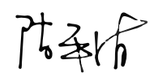
Governance: Strengthening Resilient Governance to Lead the Future of Materials

We are committed to building an efficient, transparent, and compliant corporate governance system. In 2025, our corporate governance structure continued to improve, with members of the Board of Directors becoming younger and more professional. We received the Shanghai Stock Exchange's highest A rating for information disclosure for two consecutive years. We continuously improved our risk management and compliance system, deeply integrating ESG governance into strategic decision-making and daily operations, and strengthening the compliance foundation for corporate development.

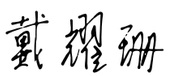
In the future, we will continue to focus on the goal of high-quality development, accelerate the localisation of operations at our overseas bases, and provide global customers with more competitive new material solutions through more resilient organisational capabilities, a more open innovation ecosystem, and a more agile supply chain network.

We are deeply aware that the Company's growth is inseparable from the trust of shareholders, the confidence of customers, the dedication of employees, and the support of society. Here, we would like to extend our most sincere gratitude to every partner who has cared for and supported the Company! Let us stand shoulder to shoulder, with innovation at our core, green development as our foundation, and the world as our horizon, and jointly write a new chapter of sustainable development!

○ Kingfa Sci. & Tech. Co., Ltd. Chairman



○ Chief Sustainability Officer



About the Company

Company Overview

Company Profile

Founded in 1993, Kingfa Sci. & Tech. Co., Ltd. was listed on the Main Board of the Shanghai Stock Exchange in 2004, with stock code 600143.SH. Headquartered in Guangzhou Science City, it is a new materials enterprise focusing on the research, production, sales, and services of new chemical materials and providing brand-new material solutions for creating a safer, more comfortable, and more convenient life. After more than 30 years of development, the Company has set up 64 subsidiaries worldwide, R&D and production bases in South Asia, Southeast Asia, North America, Europe, and other regions. At present, as one of the companies with the most complete product categories in the global new chemical materials industry, the Company is also the world's largest manufacturer of modified plastics with the most complete range of products.

Principal Business and Products

The Company is primarily engaged in the R&D, production, and sales of new chemical materials. Its main products cover nine major categories, including modified plastics, environment-friendly high-performance recycled plastics, biodegradable plastics, special engineering plastics, high-performance fibre-reinforced composite materials (formerly known as "carbon fibre and composite materials", same below), light hydrocarbon and hydrogen energy, polypropylene resin, styrenic resin, and healthcare polymers. These products are widely used in many industries such as automobiles, household appliances, electronics, electrical engineering, consumer electronics, embodied intelligence, new energies, aerospace, high-end equipment, green packaging, and healthcare. We have established strategic partnerships with many well-known enterprises at home and abroad.

At present, the Company has formed four major business sectors centred on advanced polymer materials, namely modified plastics, new materials, green petrochemicals, and healthcare, integrating collaborative innovation, production, services, and applications across the upstream and downstream industrial chain. By continuing to increase investment in technological innovation and relying on an international marketing and service network and an excellent operational system, we ensure the high-quality development of our business.

Diagram of Relationships between the Company's Major Business Sectors and Main Products

Modified plastics	Green petrochemicals	New materials	Healthcare
Modified plastics, environment-friendly high-performance recycled plastics	**Light hydrocarbon and hydrogen energy, polypropylene resin, styrenic resin**	**Biodegradable plastics**	**Nitrile gloves, masks, melt-blown fabric, protective clothing, etc.**
Automobiles, household appliances, electronics, electrical engineering, new energies, consumer electronics, etc.	Modified plastics, household appliances, automobiles, toys, daily chemicals, etc.	Packaging, agricultural film, tableware, 3D printing, etc. **Special engineering plastics** LED, electronics, electrical engineering, consumer electronics, new energies, embodied intelligent robots, etc. **High-performance fibre-reinforced composite materials** Automobiles, unmanned aerial vehicles, new energies, containers, etc.	Professional medical care, personal protection, industrial protection, air filter elements, etc.

Upstream	**Synthetic resins/ monomers/ additives**	• Ningbo Kingfa: PP industry chain • Liaoning Kingfa: ABS/SAN industry chain • Zhuhai Vanteque Specialty Engineering Plastics: PA10T, LCP, PPSU, PEEK, etc. • Kingfa Biomaterials: PBAT, PBS, PBST, PLA, etc.; succinic acid, butanediol, halogen-free flame retardants, etc.
Midstream	**Modified plastics**	• General-purpose plastics, engineering plastics, special engineering plastics, biodegradable plastics, high-performance recycled plastics, etc.
Downstream	**Plastic products**	• High-performance fibre-reinforced composite materials, gloves, masks, melt-blown fabric, air/liquid filter materials, etc.

Global Layout

- **Headquarter**
- **Technology Manufacturing and Research & Development Base**
- **Representative Office**

Note: This map is for illustrative purposes and is intended only for an overview of specific area.

Corporate Culture

Mission

Grow together with partners, share achievements, provide high-quality new materials for the society, and create a wonderful life.

Vision

Become the world's best new material enterprise highly respected within the industry.

Values

Be value creator-oriented.

Management concept

Be people-oriented, achieve high-quality development, and perform compliance management.

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, supply, and manufacturing platform to become a worldwide leader in new materials, providing support for national strategic materials.

Strategic Development Policy of the Company

Business development strategy

Strengthening the middle: Expand and strengthen the polymer business; continuously expand its breadth and depth, and enhance its competitiveness.

Consolidating both ends: Give full play to the pillar role of the polymer business and anti-risk capability; guide the benign development in upstream and downstream business sectors, and facilitate collaboration in the whole industry chain.

Focus of high-quality sustainable development

Being innovation-oriented: Guide collaboration in new technologies, upselling and outward operation.

Core objectives of business development

Achieving leap-forward development: With the focus on the ambitious goal of achieving an output of RMB 100 billion (referred to as the "1438" strategy), facilitate sustainable and high-quality development in four major business sectors, namely modified plastics, new materials, green petrochemicals, and healthcare.

Development History

1993

The Company was established.

1997

Guangzhou Tianhe Gaotang Production Base was established.

2001

Shanghai Kingfa was established.

2003

The Postdoctoral Research Workstation was built.

2004

The Company was listed on the Main Board of the Shanghai Stock Exchange.

Mianyang Changxin New Material Development Co., Ltd. (changed to "Sichuan Kingfa" in 2014) was established.

The Academician Workstation was established.

2009

Tianjin Kingfa was established.

2010

Jiangsu Kingfa was established.

The Company's sales exceeded RMB 10 billion.

2013

Kingfa (India) was acquired.

Guangdong Kingfa was established.

2015

Kingfa (USA) was established.

Chengdu Kingfa was established.

Kingfa (Malaysia) was established.

2019

Ningbo Haiyue New Material Co., Ltd. was acquired and renamed "Ningbo Kingfa".

2020

Hainan Kingfa was established.

Kingfa Recycling was established.

2021

Kingfa Medical was established.

Liaoning Bora New Materials Co., Ltd. was acquired.

Zhuhai Wango Chemical Co., Ltd. was renamed "Kingfa Biomaterials".

2022

Liaoning Bora New Materials Co., Ltd. was renamed "Liaoning Kingfa".

Kingfa (Japan) was established.

Kingfa Environmental was established.

2023

Kingfa (Vietnam) was established.

Kingfa (Poland) was established.

2024

Kingfa (Indonesia) was established.

Kingfa (Mexico) was established.

Kingfa (Spain) was established.

2025

Kingfa (Korea) was established.

Sustainability-related Honours and Recognition

Mainstream ESG Rating Results

S&P CSA ESG Score: 47

Wind ESG Rating: AA

CSI ESG Rating: AAA

EcoVadis Gold Medal

CDP Climate Questionnaire: A, CDP Water Security Questionnaire: A-

Honours and Awards

2025 Southern Weekly China Corporate Sci-Tech Innovation Capability Ranking "TOP1 in the Rubber and Plastic Products Industry"

China Securities Journal "ESG Carbon Neutrality Golden Bull Award"

2025 Stockstar ESG Annual Forum "ESG New Benchmark Enterprise Award"

2025 Cailian Press Zhiyuan Award "Environmental-Friendly (E) Pioneer Enterprise Award"

Forbes "2025 Forbes China ESG Benchmarks in Industry Development"

2025 International Green Zero-Carbon Festival "2025 ESG Model Enterprise Award"

CFS 14th Finance Summit "2025 Model Enterprise for Sustainable Development"

2025 Hong Kong Quality Assurance Agency International Sustainability Forum "Gold Award for the Sustainability-Related Financial Information Disclosure Pioneer Programme"

Hong Kong Commercial Daily "ESG Outstanding Low-carbon Transformation Case"

P5W National Selection for Investor Relations of Listed Companies "Outstanding ESG Value Communication Award"

China Listed Company Value Evaluation "The 19th Top 100 ESG Listed Companies in China"

United Nations Global Compact "25 Sustainable Development Chain Master Alliance"

21st Century Institute of High-Quality Development (Capital Market) Outstanding Case: "2025 Outstanding ESG Practicing Listed Company"

"Xinhua Credit Pearl Cup" Climate-Optimised Enterprise Practice Project Achievements

2025 Sustainable Development Practice Cases in China's Automobile Industry

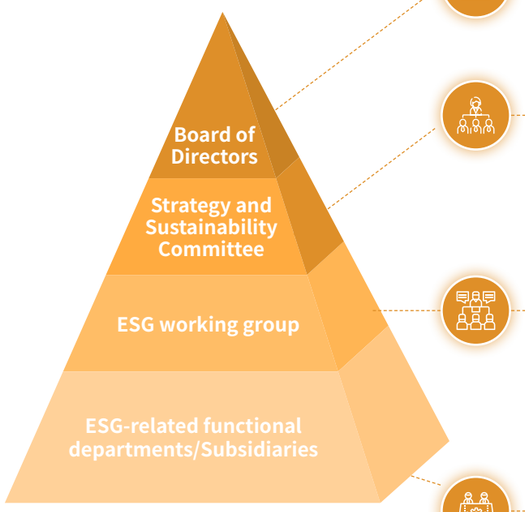
Sustainable Development Governance

Consistently adhering to the core values of being "value creator-oriented", the Company is committed to empowering a better life and natural ecology with high-quality products and services. The Company has made in-depth efforts to address the key concerns of stakeholders such as investors, customers, employees, and communities, striving to create long-term, sustainable, and shared value for all stakeholders.

Sustainable Development Management System

The Company has built an ESG architecture suitable for its own business attributes and management model, and created an ESG architecture at four levels (i.e., the Board of Directors, Strategy and Sustainability Committee, ESG working group, and ESG-related functional departments/subsidiaries). In the ESG architecture, the division of labour, rights, and responsibilities is clear at all levels. The internal ESG work is managed top-down to better integrate the ESG concept into the Company's strategic planning and promote the Company's high-quality development.

Sustainable Development Management Structure and Responsibilities of the Company



Top responsible team

Assume full responsibilities for the Company's sustainable development and ESG strategies, management, and external disclosure.

Decision-making level

Incorporate sustainable development and ESG work into strategic planning; study the Company's medium and long-term development strategic plans and make suggestions;

Carry out research on the Company's sustainable development, ESG, and other related matters; and make relevant suggestions and decisions.

Management level

It is composed of the Company's senior managers, heads and executives of ESG-related functional departments;

Handle daily affairs on the sustainable development and ESG, the ESG working group supervises and manages the sustainable development and ESG-related work of key functional departments, implements sustainable development and ESG strategies and specific measures, and reports to the Strategy and Sustainability Committee on a regular basis.

Execution level

Include all functional departments and subsidiaries related to important ESG topics of the Company;

During the daily operation, actively perform specific sustainable development and ESG-related work within the scope of responsibilities, and promote the achievement of various key performance indicators and targets under the guidance of the ESG working group.

Building on the ESG architecture, the Company has formulated the Social Responsibility Policies of the Company, covering the principles and specific implementation standards that the Company should follow in multiple areas such as labour and human rights, environmental protection, business ethics, and sustainable procurement, applicable to all employees of Kingfa Sci. & Tech. Co., Ltd. and its subsidiaries. The Company continuously improves the ESG mechanism to ensure that ESG principles are effectively integrated into daily operations and decision-making processes.

ESG Mechanism of the Company

Information reporting mechanism

The management regularly reports the progress of sustainability-related work to the Strategy and Sustainability Committee and the Board of Directors.

Supervision procedures and measures

Important matters related to sustainability are reviewed and approved step by step through special signed reports.

Evaluation details

Take energy conservation and emission reduction, reduction in electricity consumption per unit of production capacity, and reduction in energy consumption per RMB 10,000 revenue as evaluation indicators for relevant responsible persons; incorporate the ESG rating into the evaluation of part of the ESG management.

In addition, the Company integrates due diligence into the entire ESG governance process, formulates preventive and control measures for identified potential risks to avoid adverse incidents in advance; meanwhile, for negative impacts that have already occurred, effective mitigation and remediation measures are adopted to minimise the extent of harm; afterwards, the Company comprehensively presents the effectiveness of due diligence and progress in improvement through continuous monitoring and regular reporting.

Communications with Stakeholders

The Company attaches great importance to the demands and concerns of all stakeholders. Based on the actual circumstances of the business operations, the Company has identified seven key stakeholder groups, such as government and regulatory authorities, shareholders and investors, customers, and employees. By establishing diversified communication channels and conducting regular communication, the Company has integrated their matters of concern into its daily management and operational decision-making, and responded to and implemented them effectively.

Key Stakeholders	Government and regulatory authorities	Shareholders and investors	Customers	Employees	Suppliers	Partners and industries	Communities
Topics of Key Concern	Corporate governance Compliance and risk management Anti-commercial bribery and anti-corruption Anti-unfair competition Equal treatment to small and medium-sized enterprises Climate change tackling Environmental compliance management Rural revitalisation and contributions to the society	Corporate governance Compliance and risk management Innovation-driven Sustainable supply chain management Climate change tackling Circular economy	Product and service quality Innovation-driven Sustainable supply chain management Data security and customer privacy protection Circular economy Chemical safety	Employee rights and benefits Employee training and development Occupational health and safety	Anti-commercial bribery and anti-corruption Sustainable supply chain management Circular economy Chemical safety	Innovation-driven Promoting industry development	Energy usage Usage of water resources Pollutant discharge Waste disposal Ecosystem and biodiversity protection Rural revitalisation and contributions to the society
Communication Channels	Mutual visits and exchanges Communication about standards and policies	Shareholders' meetings Investor hotline Roadshows Performance briefing On-site inspections	Product launch events Customer exchange meetings Customer satisfaction surveys Customer service hotline, industry exhibitions, etc.	Trade unions and workers' congresses Employee satisfaction surveys Employee appeals management platform	Supplier audits Supplier conferences Supplier training Daily communication	Association and exhibition mutual exchanges and visits Communication on strategic cooperation projects Industry-academic-research cooperation	Public welfare projects Rural revitalisation donations
Feedback and Practice	Conduct regular information disclosure Optimise the compliance management system Enhance anti-corruption management Develop green materials to mitigate/adapt to climate change Settle carbon allowances Improve the environmental monitoring system Carry out rural revitalisation activities	Collect investor-related information through information exchange channels Respond to investor inquiries Conduct regular information disclosure Optimise the compliance management system	Optimise the product quality and service management system Develop innovative products Conduct customer feedback communication, customer research, and customer satisfaction surveys Ensure information security	Establish a scientific human resources management system and promotion mechanism Strengthen employee communication Strengthen occupational health and safety management	Improve the supplier management system Conduct supplier training and environmental and social assessments	Develop green material products Participate in industry exchanges and seminars	Improve the environmental monitoring system and reduce emissions of the four types of waste Carry out public welfare and volunteer activities Support community development

Analysis of Material Topics

To identify material topics, the Company leverages internal due diligence and risk control mechanisms, while also assessing external regulatory requirements, industry standards, development trends and peer practices, to establish a regularly updated repository of material topics. On this basis, the Company strictly follows the relevant provisions on topic materiality analysis in the Shanghai Stock Exchange's Guidelines, and carries out in an orderly manner and continuously improves the double materiality assessment of topics.

Double Materiality Assessment Process of the Company

Understand the background related to the Company's activities and business

- Analyse the Company's internal activities and business relationships, including sustainability-related impacts upstream and downstream of the value chain;
- Understand the external objective environment, including the macro policies, industrial policies, regulatory requirements, and industry hotspots in 2025, and identify potential impacts on the Company;
- Understand the key stakeholders that are materially affected, including internal and external stakeholders, and sort and classify them.

Establish a list of ESG topics

- Based on the 21 topics set in the Guidelines, and in conjunction with regulatory policies, rules, industry standards and development trends, peer analysis, etc., add topics specific to the Company and remove inapplicable topics to form a list of topics, comprising a total of 23 ESG topics.

Assess the materiality of topics

Impact materiality assessment

- Based on the actual operations and interviews, the Company conducts a preliminary analysis of the impact of sustainability topics on stakeholders;
- The Company carries out communications with stakeholders to gather stakeholders' views on the nature of the impacts (negative or positive) and whether the impacts occurred (actual or potential), and invite stakeholders to score them from two dimensions, namely the "severity of impact" (scale, scope, irremediability of the impact) and the "likelihood of impact";
- By integrating feedback from diverse stakeholders and with reference to the opinions of internal and external experts, the Company forms the impact materiality assessment results for all topics.

Financial materiality assessment

- Based on the actual operations, the Company conducts a preliminary analysis of the financial impacts of topics on the Company;
- The Company invites relevant senior executives and heads of departments to assess the financial materiality of topics from two dimensions, namely the "likelihood of occurrence of impacts" and the "degree of financial impact", across three time horizons, namely short term, medium term, and long term (short term: within one year; medium term: 1-5 years; long term: more than five years);
- The Company consolidates the views of relevant senior executives and heads of departments and, with reference to recommendations from internal and external experts, form the financial materiality assessment results for all topics.

Review and confirm topics

- Based on the Company's impact materiality and financial materiality assessment results for all topics, and in conjunction with the Company's operational and management capabilities, the Company establishes materiality threshold criteria to derive a list of topics deemed "material", and defines the boundaries of the material topics;
- The Company develops a double materiality analysis matrix to clearly present the assessment results;
- After review and confirmation of the results of the double materiality assessment by the Company, the Company discloses the topics identified with high materiality for 2025 as key topics in this Report.

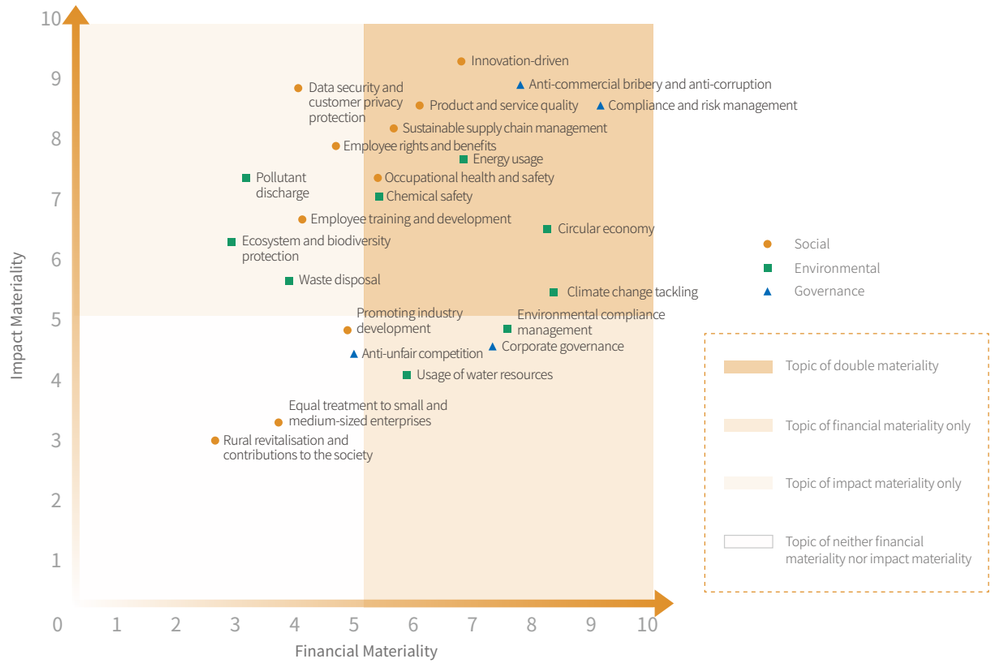
Ultimately, the Company identified ten topics of double materiality, three topics of financial materiality only, six topics of impact materiality only, and four topics of neither financial materiality nor impact materiality.

Major Changes in Material Topics of the Company in 2025

2025 Material Topics	2024 Material Topics	Change	Reason for Change
Ecosystem and biodiversity protection	——	New topic	This topic has been added in accordance with the requirements of the Guidelines.
Compliance and risk management	——		This topic has a relatively significant impact on the Company's operations; therefore, it has been added as a new topic.
Product and service quality	Safety and quality of products and services	Wording revision	The content of product and service safety is reflected in the topic of "chemical safety", and therefore, the wording of this topic has been revised.
Sustainable supply chain management	Supply chain security		The Company's supply chain management practices not only include "supply chain security", therefore, the wording of this topic has been revised to better align with actual disclosures.
Employee rights and benefits	Employees	Topic breakdown	The governance architectures of the three topics differ; therefore, the topics have been broken down to make the disclosure model more reasonable.
Employee training and development			
Occupational health and safety			
Rural revitalisation and contributions to the society	Rural revitalisation	Topic merger	The Company's management practices for rural revitalisation and contributions to the society overlap to a considerable extent, and therefore, the topics have been combined to better align with actual management practice.
	Contributions to the society		
——	Due diligence	Topic removal	Due diligence and communications with stakeholders run throughout the Company's operations and are therefore not disclosed as separate topics.
——	Communications with stakeholders		

Note: Although the two topics of due diligence and communications with stakeholders are not directly included in the list of topics, the relevant content has been explained in the section "Sustainable Development Governance" of this Report.

2025 Materiality Matrix of the Company



Note: 0-10 on the coordinate axes indicates the degree of materiality, with the level of materiality increasing progressively from 0 to 10.

Response to ESG Goals

The Company has established quantitative goals for each topic, using substantive actions to drive the Company's sustainable development. The Company has joined the United Nations Global Compact (UNGC) and actively implemented the ten principles of the UNGC based on United Nations conventions, including human rights, labour standards, environment, and anti-corruption, to facilitate the achievement of the SDGs.

ESG Goals and 2025 Progress of the Company

Sector	Our Goals	Our Actions	Progress towards 2025 Goals	SDGs Responded
Environmental	**Climate change tackling** • Compared with 2022, we will reduce greenhouse gas emissions per unit product by at least 30% by 2030. • Compared with 2022, we will achieve a 30% reduction in carbon emissions per unit related to procurement activities by 2030.	The Company carries out analysis of climate change scenarios to identify, inspect, and monitor greenhouse gas emissions during operations, establishes a management and control system, and continuously optimises it. The Company gradually expands the scope of application of green energies, builds green parks and factories, urges the interested parties to practice green and low-carbon production, living and office methods, establish a green procurement mechanism and a carbon emission management system in the supply chain, and promote the realisation of net-zero emission goals in the supply chain.	• Carbon emission intensity per unit of domestic modified plastics (Scope 1 + Scope 2): 0.1305 tonnes of CO_2 equivalent, with a decrease of 29.32% compared with 2022	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	Energy usage • Compared with 2022, we will achieve a 25% reduction in comprehensive energy consumption per RMB 10,000 revenue by 2030.	The Company regularly conducts energy efficiency evaluations, increases single-machine capacity by energy-saving renovation with advanced production technologies and processes, and includes energy conservation objectives in related personnel's KPI, thereby ensuring accountability for reducing energy consumption.	• Comprehensive energy consumption intensity: 0.1250 tonnes of standard coal per RMB 10,000 revenue	
	Usage of water resources • Compared with 2025, we will achieve a 10% reduction in water consumption per RMB 10,000 revenue by 2030.	The Company has built a proactive prevention and control model for "data-driven warning - hierarchical hazard management - rapid emergency response - dynamic enhancement of capabilities". Through refined operations, the Company has embedded water-saving measures throughout the entire production process, forming a closed-loop management system from strategic planning to on-site operations, and from target setting to data traceability.	• Water consumption intensity: 2.42 tonnes per RMB 10,000 revenue	
	Pollutant discharge • Compared with 2022, we will reduce the emissions of air pollutants (VOCs, PM, SO_2, NO_x) per RMB 10,000 revenue generated during the production process by more than 30% by 2030.	In the early stage of production equipment and process design, the Company gives priority to low-pollution production equipment and raw materials to reduce the generation of pollutants. In new projects, priority is given to the use of high-efficiency pollution control processes, and the pollutant control facilities of existing projects gradually undergo iterative upgrading to improve pollution control efficiency and reduce total pollutant discharge. The Company also strengthens the operation and management of pollution control facilities to ensure efficient and stable operation, and emissions are up to standards.	• Air pollutant emission intensity (VOCs, PM, SO_2, NO_x): 6,000 cubic metres per RMB 10,000 revenue	
	Waste disposal • Compared with 2022, we will enhance the recycling rate of industrial waste by 60% by 2030.	The Company is committed to converting the waste into resources and improving the resource utilisation of the waste through recycling and reuse.	• Recycling rate: 9.63%	
	Circular economy • By 2030, we will produce 1 million tonnes of green plastics, recycle 1 million tonnes of waste plastics, and produce 1 million tonnes of recycled plastics.	The Company adheres to a circular economy development approach that advances both external and internal initiatives. Externally, the Company proactively strengthens cooperation with external parties and, leveraging technological innovation in the recycling of waste plastics, works closely with all partners to jointly build a recycling system for waste plastics; internally, the Company actively establishes a circulation mechanism for resources used in production to realise the resource-based reuse of wastewater, waste gas, waste and leftover materials.	• Production of green plastics: 309,400 tonnes • Recycling of waste plastics: 272,000 tonnes • Production of recycled plastic: 379,000 tonnes	
Social	**Product and service quality** • From 2022 to 2030, we will continuously optimise the safety performance of our products, to receive no health or safety complaints from the customers.	The Company adopts advanced production processes and a strict quality control system to ensure that all links of products from the procurement of raw materials to the delivery of finished products conform to safety standards. The Company reduces the use of harmful substances and protect customer health.	• Rate of health or safety complaints from the customers: 0	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING
	Data security and customer privacy protection • From 2022 to 2030, we will ensure that no major information security incident will occur every year, guarantee the security of our business data and customer information, and prevent information leakage and abuse.	The Company regulates and manages the collection, storage and use of personal data, prohibits the employees from disclosing customer information and other personal data to unauthorised third parties, discovers and repairs security vulnerabilities in time, drafts emergency plans for information security incidents, and effectively safeguards the security of the Company's information and data.	• Number of major information security incidents: 0	

Note 1: A major information security incident is an information security incident that causes a loss of more than RMB 100,000.

Sector	Our Goals	Our Actions	Progress towards 2025 Goals	SDGs Responded
Social	**Sustainable supply chain management** • From 2022 to 2030, we will ensure that the suppliers comply with labour laws and regulations, and annually, 100% suppliers are qualified in protecting the rights and interests of labourers. • From 2022 to 2030, we will ensure that 100% of key raw materials are sourced from suppliers with an environmental management system certification (ISO 14001). • From 2022 to 2030, we will ensure that the supplier code of conduct is 100% signed every year. • Compared with 2022, we will enhance the on-site audit coverage of core suppliers to 90% by 2030. • From 2022 to 2030, we will ensure that the annual sustainable procurement training coverage of purchasing specialists reaches 100%.	The Company has issued the Sustainable Procurement Policies to regulate the procurement standards and requirements for environmental protection, labourers' human rights, business ethics, etc., and regularly organises internal training to communicate sustainable procurement requirements to purchasing specialists. The Company regards compliance with labour laws and regulations and the protection of labour rights and interests as important access conditions for suppliers, includes labour rights protection clauses in the agreements, and actively encourages the suppliers to pass the system certifications related to environmental and labour rights.	• Qualified rate of suppliers for protecting the rights and interests of labourers: 100% • Proportion of suppliers with the environmental management system certification: 60.26% • Supplier code of conduct signing rate: 100% • On-site audit coverage of core suppliers: >90% • Sustainable procurement training coverage for purchasing specialists: 100%	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
	Employee rights and benefits • From 2022 to 2030, we will ensure that the annual coverage rate of the collective contract is up to 100%. • From 2022 to 2030, we will ensure that the annual coverage of social insurance is 100% among the employees. • From 2022 to 2030, we will ensure that no discrimination or harassment occurs every year, and the coverage rate of anti-discrimination and anti-harassment training reaches 100%. • By 2030, we will achieve employee satisfaction among more than 98% of the employees.	The Company is always fair, impartial and transparent in all aspects of recruitment, promotion, salary, training, and career development. The Company provides employees with comprehensive social insurance and sign a Collective Contract with employee representatives. The Company conducts at least one employee satisfaction survey each year, and extensively collects the employees' opinions and suggestions on the working conditions, remuneration, benefits, career development, etc.	• Collective contract coverage rate: 100% • Employee social insurance coverage rate: 100% • Number of discrimination or harassment incidents occurred: 0 • Coverage rate of anti-discrimination and anti-harassment training: 100% • Employee satisfaction: 87.66%	
	Employee training and development • Compared with 2022, we will increase the average skill training time per employee by 2 hours by 2030.	The Company encourages and supports all employees to participate in training activities. Regardless of their positions, they have the opportunity to receive training and achieve career development. Besides, the employees are regularly organised to participate in external training activities such as industry conferences, seminars, and professional training organisations to broaden their learning channels.	• Average skill training time per employee: 21.48 hours	
	Occupational health and safety • From 2022 to 2030, we will ensure annual zero work-related deaths and a coverage rate of 100% in the physical examination. • From 2022 to 2030, we will ensure that the annual health and safety risk assessment covers 100% sites.	The Company constantly improves its health and safety management system, improves its health and safety management, regularly organises occupational health inspections and safety risk assessment, promptly detects and addresses occupational disease risks, and carries out health promotion activities.	• Number of work-related deaths: 0 • Physical examination coverage rate: 100% • Health and safety risk assessment site coverage rate: 100%	
Corporate governance	**Compliance and risk management** • From 2022 to 2030, we will ensure that the business ethics risks are evaluated and internally audited at least once a year to comprehensively assess the risks that the Company may face in business ethics, and put forward corresponding improvement measures and suggestions. • From 2022 to 2030, we will ensure no fraud, strengthen internal control, increase the employees' awareness of integrity and risks, and reduce fraud risks.	The Company has established a sound internal control system and conducts a comprehensive review of business ethics at least once a year to ensure that all business activities are based on facts that are true, accurate, and compliant.	• Number of business ethics risk evaluations and internal audits: 1 • Number of fraud incidents: 0	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Anti-commercial bribery and anti-corruption • From 2022 to 2030, we will ensure that no corruption occurs every year. • From 2022 to 2030, we will achieve full coverage of anti-corruption training among all our employees, to ensure that our annual training coverage will be up to 100%. • Compared with 2022, we will increase the average business ethics training hours per employee by two hours by 2030.	The Company resolutely opposes any forms of corruption and bribery, establishes an internal whistleblowing mechanism, and provides necessary protection and support for whistleblowers. At the same time, the Company strengthens business ethics education and training for employees to enhance their self-discipline.	• Number of lawsuits related to corruption: 0 • Anti-corruption training coverage rate: 100%	

Advancing Zero-Carbon Plastics to Sustain Circular Growth

The Company continues to deepen the development philosophy of "green, low-carbon, and circular". Anchored in the "dual carbon" goals and guided by the ambitious goal of achieving "one million tonnes in three fields", the Company drives the green transformation of the entire plastics industry chain towards green design, low-carbon manufacturing, and recycling and reuse, providing systematic solutions for the low-carbon transition of the global plastics industry, promoting harmonious coexistence between humanity and nature, and safeguarding our planet.

Highlight performance:

- Total environmental protection investment: RMB **227,435,700**
- Total greenhouse gas emissions (Scope 1 + Scope 2 + Scope 3): **17,618,371.59** tonnes of CO_2 equivalent
- Carbon emission intensity per unit of domestic modified plastics (Scope 1 + Scope 2): **0.1305** tonnes of CO_2 equivalent, with a decrease of **29.32%** compared with 2022
- Production of green plastics: **309,400** tonnes
- Recycling of waste plastics: **272,000** tonnes
- Production of recycled plastics: **379,000** tonnes
- Photovoltaic power generation (self-generation for self-use): **83,343,300** kWh, up **250.33%** year-on-year
- Production of hydrogen-rich gas: **16,406.73** tonnes; production of high-purity hydrogen: **7,814.79** tonnes
- Cumulative green electricity procurement for the year: **70,151,000** kWh
- Recycled/re-utilised water: **926,090,831.30** tonnes

SDGs benchmarking:

Environmental Compliance Management

The Company attaches great importance to environmental management, strictly implements environmental protection responsibilities, and promotes the coordinated development of production operations and environmental protection. The Company strictly complies with the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Environmental Impact Assessment, among other laws and regulations, to ensure that all business activities fully comply with the stringent national environmental protection standards and requirements.

Governance

The Company upholds the environmental management philosophy that "environmental protection is the foundation of sustainable development", and has formulated comprehensive systems covering key areas of environmental protection (such as energy management, usage of water resources, pollutant discharge, and waste disposal), including the Environmental Management Policies, the Environmental Protection, Safety and Occupational Health Management Regulations, the System of Responsibility for Environmental Protection, the Emergency Plan for Environmental Emergencies, the Environmental Protection Publicity, Education and Training System.

The environmental management work of the Company is controlled by the Group, under the unified leadership of the Group. The Company has established a safety management network at four levels, namely Group-subsidiary-department-employee, to achieve full employee coverage, clarify the environmental protection responsibilities of all employees, ensure accountability to individuals through an accountability mechanism, and guarantee the effective implementation of environmental management work at all operating sites.

Environmental Management Culture of the Company

Environmental concept	Environmental protection is the foundation of sustainable development
Environmental vision	Build an essentially environmentally friendly enterprise
Environmental mission	Legal compliance, energy conservation, emission reduction and continual improvement
Environmental values	Save resources and promote green production
Environmentally friendly production policy	Being green and low-carbon, protecting the environment and benefiting the society

Environmental Compliance Management Structure and Responsibilities of the Company

Chairman of the Group

- Serve as the Director of the Work Safety Committee of the Group, the highest decision-maker and leader for environmental management.
- Be responsible for reviewing and approving the Company's environmental policies, targets and plans.
- Supervise the effectiveness of the operation of the environmental management system and ensure that the Company's environmental protection strategy is consistent with the Company's overall strategy.

General Manager of the Group

- Serve as the Executive Deputy Director of the Work Safety Committee of the Group, the highest executive and direct organiser of environmental management.
- Be responsible for the comprehensive implementation of environmental policies, ensure resource investment, and promote the continuous improvement of the environmental management system.
- Promote all subsidiaries to establish an environmental protection accountability system for all employees and ensure that responsibilities are cascaded at every level and assigned to specific individuals in each position.

Heads of each subsidiary

- Promptly communicate the Company's environmental policies to all employees of subsidiaries, ensuring the effective implementation of the policies at the subsidiary level.
- Based on the actual circumstances of subsidiaries, formulate specific environmental management systems and measures to ensure the achievement of environmental protection targets.
- Ensure that the production and operational activities at the site comply with environmental protection requirements.

Safety and Environmental Protection Department/Human Resources and Administration Department/office of each subsidiary

- Serve as the department responsible for environmental management.
- Be responsible for the specific formulation, interpretation and revision of environmental policies, ensuring that the policy content is scientific, reasonable and operable.
- Organise internal environmental protection training, enhance employees' environmental awareness, and publicise the Company's environmental protection philosophy and achievements.
- Supervise and inspect the environmental protection work of each base/business division and each subsidiary, ensuring that all environmental protection measures are effectively implemented.

Employees

- Be required to strictly comply with the Company's environmental policies, actively participate in environmental protection activities, and enhance their own environmental awareness.
- Focus on energy conservation and emission reduction in routine work, reducing unnecessary energy consumption and waste.
- Proactively put forward suggestions to the Company for improvements in environmental protection, and contribute to the Company's environmental protection efforts.

As of the end of the reporting period, the Company and 17 of its subsidiaries have passed ISO 14001:2015 Environmental Management System Certification, covering 85% of the Company's operating sites, and achieving 100% coverage of its major domestic production and R&D bases.

Strategy

The Company integrates environmental compliance management into its sustainable development strategy and, by establishing a full-chain environmental management system, actively responds to the expectations of regulatory authorities and the public regarding environmental protection. Meanwhile, the Company attaches great importance to the control of environmental compliance risks and proactively addresses the rising compliance costs brought about by tighter policies, as well as the operational compliance pressure triggered by increasingly stringent environmental regulations.

Analysis of Environmental Compliance Management Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Compliance risk	National and local requirements for the control of construction projects involving pollutant generation and discharge have become increasingly refined, with strict control over total pollutant discharge quotas for construction projects and strengthened source control and process supervision. If the Company's construction projects lack the required procedures or the disposal of the "four types of waste" is non-compliant, or if high-energy-consumption, high-emission production equipment and environmental protection treatment equipment with low disposal efficiency are not upgraded and retrofitted in a timely manner, this may result in pollutants exceeding standards and total discharge limits, increase the burden on the surrounding ecological environment, and lead to adverse business impacts arising from regulatory penalties, production suspension for rectification, and even reputational damage.	Short and medium term	Increased compliance costs and reduced operating revenue

Impact, Risk and Opportunity Management

In accordance with the relevant provisions of GB/T 24001-2016 Environmental management systems, the Company has formulated the Environmental Factors Identification and Evaluation Procedures to comprehensively identify various environmental risks arising from production and operational activities, establish and improve environmental risk management processes, and strictly prevent environmental emergencies.

Environmental Compliance Risk Management Processes of the Company

Risk factor identification

- Establish an environmental risk investigation mechanism aligned with the production types of each production base, and comprehensively identify risk points that are likely to cause environmental protection incidents.

Risk investigation and detection

- Conduct priority supervision over points liable to cause environmental pollution and lead to environmental incidents and accidents, inspect and check the operation of environmental protection equipment on a regular basis.

Risk emergency management

- Strengthen emergency management for environmental emergencies, regularly organise employees to carry out emergency training and practical emergency drills, and strive to eliminate or minimise environmental impacts to the greatest extent possible in the event of environmental emergencies.

The Company actively compiles a List of Significant Environmental Factors according to business type, analyses the inputs and outputs of environmental factors at each stage, identifies the environmental impacts related to the production and operations, and adopts effective environmental management measures to achieve pollution prevention and control throughout the entire process.

Environmental Impact Analysis of the Company

Stage	Environmental Factor Inputs	Environmental Factor Outputs
R&D and production	Energy: Electricity, natural gas, coal water slurry, diesel, steam Water sources: Municipal water supply, reclaimed water from outside the factory	Waste gas: Particulate matter, non-methane total hydrocarbons, nitrogen oxides, sulphur oxides, volatile organic compounds, styrene, ammonia, etc. Wastewater: Biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended solids, ammonia nitrogen, total phosphorus, total nitrogen, petroleum substances, sulphides, etc. Non-hazardous waste: General industrial solid waste, domestic waste Hazardous waste: Laboratory waste liquid, empty reagent bottles, waste organic resin, waste catalyst, oil sludge, physicochemical sludge from the wastewater treatment station, waste spiky balls, waste molecular sieves, waste engine oil, high-salinity mother liquor, waste mineral oil, etc.
Routine operations	Energy: Electricity, natural gas Water source: Municipal water supply	Waste gas: Oil fumes Wastewater: Domestic sewage Non-hazardous waste: Domestic waste Hazardous waste: Waste light tubes, waste ink cartridges

The Company attaches great importance to environmental compliance management, and continues to strengthen key tasks such as construction project management, compliance evaluation, and environmental protection capability building, continuously enhancing the effectiveness of environmental compliance management.

Key Measures for Environmental Compliance Management of the Company

Implement the "three simultaneous" management initiatives

- Before applying for a construction project, effective protection against the pollution that the project may cause must be put in place. Protective measures must be demonstrated and designed, and the design must follow the design procedures stipulated by the State. The "three simultaneous" management initiatives are implemented, whereby facilities for preventing and controlling pollution and other public hazards are designed, constructed, and commissioned simultaneously with the main works.

Conduct a compliance evaluation

- **Identify the compliance of laws and regulations:** Applicable environmental protection requirements under the State, industry, local government, laws and regulations are timely updated and identified, and a list of applicable laws and regulations and a compliance evaluation list are produced.
- **Identify and control environmental factors:** In response to continual changes in operational activities, facilities and the environment, a dynamic identification and evaluation of environmental factors is carried out each year to ensure that the identification of environmental factors is comprehensive and without omission, and that the evaluation of environmental factors is objective and accurate. For the significant environmental factors identified through the evaluation, objectives, indicators and management plans are formulated, effective control measures are developed in accordance with the principles of elimination, reduction and control, and the status of control over significant environmental factors is disclosed.
- **Investigate and rectify environmental hazards:** With a focus on environmental risk control, the investigation, management and remediation of environmental safety hazards and graded control of environmental safety risks are conducted to ensure that investigations leave no blind spots and rectification leaves no residual problems, and ensure that all control measures are fully implemented, effectively prevent the occurrence of various environmental incidents, and safeguard environmental safety in production and operations.
- **Conduct external audits:** One ISO 14001 Environmental Management System audit is conducted each year.

Organise environmental protection training

- **Prepare training plans:** The Company prepares environmental protection training plans and organises responsible departments to carry out specialised training. Part-time environmental protection management personnel in each unit/department may formulate department-level environmental protection training plans based on the operational characteristics of corresponding departments and implement such plans on schedule.
- **Conduct routine training:** Through pre-shift meetings, weekly meetings, monthly safety meetings, etc., the Company organises employees to participate in environmental protection education and training, gradually enhancing their environmental protection awareness; at the same time, we organise irregular environmental protection training courses to improve the professional capabilities and competence of personnel responsible for the operation and maintenance of key environmental protection facilities.
- **Strengthen onboarding training:** The Company strengthens environmental protection training for new employees to ensure that they understand the Company's environmental protection requirements and operating procedures.
- **Participate in environmental protection exchange activities:** The Company regularly organises environmental protection management personnel to participate in environmental protection seminars and exchange activities in the industry, and exchanges ideas with environmental protection enterprises and professional institutions and learns advanced environmental protection experience and technologies. Moreover, the Company invite environmental protection experts to deliver specialised lectures and broaden employees' environmental protection knowledge horizons.

In terms of environmental emergency management, the Company and its subsidiaries have set up an emergency rescue headquarters for the environmental emergencies led by its general manager, prepared and filed an Emergency Plan for Environmental Emergencies, issued an Investigation Report on Environmental Emergency Resources and a Risk Assessment Report on Environmental Emergencies, continuously strengthened its emergency management of environmental emergencies, and strived to eliminate or minimise the environmental impacts when environmental emergencies occurred.

Case **Kingfa Biomaterials Conducted a Special Emergency Drill for Hazardous Waste Leakage**

In 2025, Kingfa Biomaterials organised a special emergency drill for hazardous waste leakage, aiming to test and improve the Special Emergency Plan for Hazardous Waste Leakage. The drill was carried out in strict accordance with the procedures specified in the plan. Clear division was made of each team's roles and responsibilities in emergency command, on-site response, safety cordon and other functions and the drill included full-process practical simulations covering accident reporting, cordon and evacuation, pollution control, and follow-up disposal. The entire exercise validated the feasibility and effectiveness of the emergency plan, laying a solid foundation for minimising environmental and safety risks to the greatest extent.

Emergency Drill Site

Indicators and Targets

The Company has established clear environmental compliance management targets and continued to increase investment in environmental governance and protection. In 2025, the Company did not receive any major administrative penalties from the relevant authorities due to environmental issues.

2025 Environmental Compliance Management Targets and Progress of the Company

Indicator	Target	Achievement Status in 2025
Number of significant environmental incidents that occurred	0	0, achieved
Number of major environmental administrative penalties/criminal liabilities	0	0, achieved
Compliance rate of the discharge of three types of waste	100%	100%, achieved
Compliance rate of the "three simultaneous" environmental protection measures for construction projects	100%	100%, achieved

- Total environmental protection investment: RMB **227,435,700**
- Environmental hazard rectification rate: **100%**
- Implementation rate of the environmental monitoring plan: **100%**

Aerial photograph of the Qingyuan Base

Climate Change Tackling

Against the backdrop of increasingly severe global climate challenges, deepening the low-carbon transition and practising green operations are not only responsibilities that enterprises should fulfil, but also a critical path towards building long-term resilience and competitive advantage for the future. The Company continues to improve its climate change management system, deeply integrating relevant targets into the Company's strategy, governance architecture, and day-to-day operations, and is committed to contributing solid strength to addressing the global climate crisis and protecting the Earth's ecology while promoting the high-quality development of its business.

Governance

The Company actively establishes a climate change tackling management system. In the Environmental Management Policies, the Company specifies that the Strategy and Sustainability Committee of the Board of Directors is a department that reviews the greenhouse gas governance to coordinate and manage the Company's "dual carbon" work. The General Manager's Office, offices, and subsidiaries perform their respective duties to ensure the effective implementation of relevant practices and objectives.

Strategy

The Company conducts an in-depth analysis of its operating activities and business background, proactively identifies the risks and opportunities that climate change may bring, and provides a strong basis for subsequently formulating corresponding response strategies.

Analysis of Climate Change Risks and Opportunities of the Company

Major Risk/Opportunity		Specific Description	Scope of Impact	Financial Impact
Transition risks	Policy risk	As the country continues to introduce climate change disclosure-related policies, the Company and suppliers may face risks of legal liability pursued in accordance with the law, regulatory measures, disciplinary actions, property losses, or loss of commercial reputation due to non-compliance with climate-related policies or laws; meanwhile, as global carbon neutrality targets accelerate, policies such as CBAM and carbon emission quotas are tightening, and enterprises face stricter carbon emission constraints and rising compliance costs.	Short, medium, and long term	Increased compliance costs
	Technology risk	The iteration of low-carbon technologies is accelerating. If the Company fails to keep pace in a timely manner with the R&D of cutting-edge low-carbon technologies such as bio-based materials and chemical recycling, or if the energy efficiency of its existing production processes lags behind industry benchmarks, this may result in its products' carbon footprint lacking competitiveness, create barriers to market access as customers raise green procurement thresholds, and even cause the Company to miss opportunities for industrial upgrading due to lock-in to existing technology pathways.		Increased operating costs and reduced operating revenue
Transition risks	Customer demand shift risk	Against the backdrop of the "dual carbon" goals, customers' demand for products with low carbon dioxide emissions has continued to increase. If the Company and suppliers fail to provide low-carbon products, the Company may face risks such as reduced demand for its existing products and customer loss.	Short, medium, and long term	Reduced operating revenue
	Reputational risk	Public attention to corporate climate action has increased. If the Company performs poorly, this will directly affect brand image and capital market assessments.		Reduced operating revenue
Physical risks	Acute physical risk	As extreme weather events such as rainstorms and typhoons occur more frequently, factory production and product logistics may be disrupted due to operational interruptions caused by extreme weather, resulting in economic losses.	Short and medium term	Increased operating costs and reduced operating revenue
	Chronic physical risk	Sustained high temperatures caused by climate change may lead to rising energy costs.	Short, medium, and long term	Increased operating costs
Opportunities	Green product innovation opportunity	Against the backdrop of the transition to a low-carbon economy, demand for low-carbon materials has grown explosively (such as biodegradable plastics and lightweight composite materials), which may bring more market opportunities to the Company.	Short, medium, and long term	Increased operating revenue
	Circular economy opportunity	Against the backdrop of global efforts to advance circular economy policies, the resource utilisation of plastic waste is shifting from an environmental responsibility to the creation of economic value. The Company can leverage its first-mover technological advantage to secure a leading position in the high-end recycled materials segment, achieving a dual improvement in environmental benefits and commercial value.		Increased operating revenue
	Carbon asset development opportunity	The development of the national carbon market has entered an accelerated phase, and it is expected that industries such as building materials and chemicals will be included in trading in the future. As a leading enterprise in new chemical materials, the Company has accumulated carbon reduction achievements in fields such as modified plastics, bio-based materials, and recycled plastics, which have significant potential for carbon asset development.		Increased operating revenue
	Industrial chain synergy opportunity	Against the backdrop of the global wave of carbon neutrality across supply chains, downstream industries such as automobiles, household appliances, and electronics have successively set carbon reduction targets for their value chains, imposing rigid requirements on the low-carbon attributes of upstream materials. The Company has the capability to provide "material-grade" low-carbon solutions for the industrial chain, enabling the Company to leap from a traditional material supplier to a rule-maker and value allocator in the low-carbon transition of the industrial chain.		Increased operating revenue

Climate Scenario Analysis

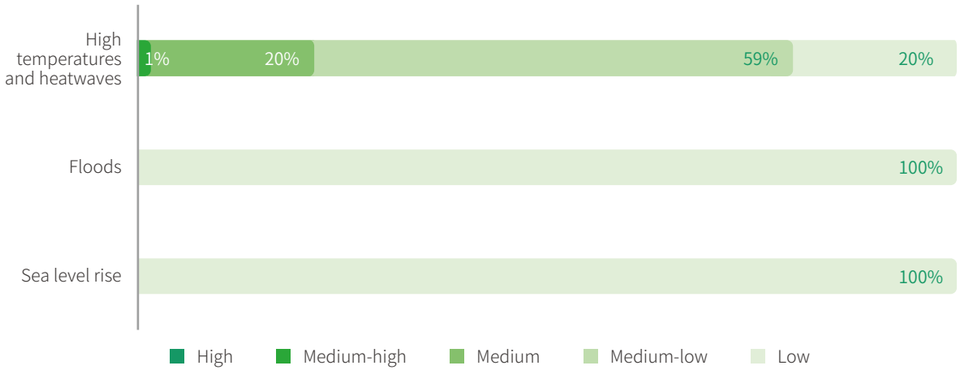
To better assess the potential impacts of climate change on the Company and further understand the climate resilience, in 2025, the Company used its Guangzhou headquarters and 11 domestic and overseas subsidiaries as sample assets to conduct a climate scenario analysis on three types of physical risks with relatively high materiality to the Company, namely high temperatures and heatwaves, floods, and sea level rise, as well as transition risks represented by carbon pricing.

This scenario analysis quantified the risks to assets under specific climate scenarios by calculating the Physical Value-at-Risk (PVaR) and Carbon Value-at-Risk (CVaR) of the physical risks of each asset site, estimating the percentage of asset losses caused by climate physical and transition risks at each asset site in relation to enterprise value.

According to the preliminary judgement of the substantive impacts of climate physical risks on the Company, this scenario analysis was conducted for three types of physical risk, namely high temperatures and heatwaves, floods, and sea level rise. The physical risk scenario analysis selected the SSP5-8.5 scenario of the Intergovernmental Panel on Climate Change (IPCC), reflecting the risk conditions under extreme climate change scenarios.

Scenario	IPCC SSP5-8.5
Projected global temperature rise by 2100	More than 4° C above pre-industrial levels
Characteristics	High warming scenario
Scenario assumptions	A high emission scenario without climate change policy intervention. Under this scenario, total global GHG emissions and concentrations continue to increase, with the global average temperature rising by more than 4° C above pre-industrial levels by the end of the century.
Time points for analysis	2050

Climate Physical Risk Exposure of the Company[1]



[1] The level is classified based on the calculated PVaR values of the sample companies, and physical risk exposure is calculated as the proportion of the enterprise value held to the sample assets.

The analysis of transition risks focused on policy risk centred on carbon pricing, and selected the Net Zero 2050 scenario of Network for Greening the Financial System (NGFS) of Central Banks and Supervisors to reflect the risk profile under an orderly transition. Under the NGFS scenario, the carbon pricing reflected the marginal cost of emissions reduction under various climate policies.

Scenario	Net Zero 2050 scenario
Projected global temperature rise by 2100	Within 1.5° C above pre-industrial levels
Characteristics	Orderly transition scenario, strong transition policies
Scenario assumptions	The NGFS Net Zero 2050 scenario assumes that effective climate policies are introduced globally at present, enabling an orderly global transition, achieving net-zero emissions by 2050, and meeting the Paris Agreement's 1.5° C temperature control target by the end of the century.
Time points for analysis	2050

Scenario Analysis and Calculation Results for Transition Risks of the Company

No.	Asset	2050CVaR
1	Kingfa Sci. & Tech. Co., Ltd.	
2	Guangdong Kingfa Sci. & Tech. Co., Ltd.	
3	Shanghai Kingfa Sci. & Tech. Dvpt. Co., Ltd.	
4	Jiangsu Kingfa Sci. & Tech. Advanced Materials Co., Ltd.	
5	Wuhan Kingfa Sci. & Tech. Co., Ltd.	
6	Tianjin Kingfa Advanced Materials Co., Ltd.	
7	Chengdu Kingfa Sci. & Tech. Advanced Materials Co., Ltd.	
8	Zhuhai Vanteque Specialty Engineering Plastics Co., Ltd.	
9	Liaoning Kingfa Sci. & Tech. Co., Ltd.	
10	Ningbo Kingfa Advanced Materials Co., Ltd.	
11	Kingfa (India)	
12	Kingfa (Europe)	

Legend:

Climate transition risk impact

Lower impact — Higher impact

The physical analysis results show that, under the SSP5-8.5 scenario in which climate disasters continue to intensify, the sample assets face relatively low risks of floods and sea level rise, while the risk of high temperatures and heatwaves is generally manageable, with only a small number of sample companies facing medium or higher risk of high temperatures and heatwaves. Focusing on aspects such as energy management and water resource security, the Company has advanced the establishment of a high-temperature warning and electricity load linkage mechanism and optimised measures related to the cooling water circulation system, in order to address the impact of the risk of high temperatures and heatwaves; the transition scenario analysis results show that, under the NGFS Net Zero 2050 scenario, where climate policies are relatively stringent and transition risks are relatively high, only two sample companies face certain climate transition costs, while most sample companies face relatively low transition risks, and overall transition risk is manageable.

To effectively address climate change risks and promptly seize climate change opportunities, the Company continuously monitors trends in climate physical risks and developments in climate transition policies. In light of the actual circumstances, the Company has established a distinctive "dual carbon" action strategy and comprehensive low-carbon solutions with the Company's characteristics, with plans to reduce carbon emissions while simultaneously reducing plastic pollution arising from business operations, and to help the entire industrial chain reduce emissions by 2060.

"Dual Carbon" Action Strategy of the Company

- Identify, inspect, and monitor, operational emissions; establish a control system and continuously optimise 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.
- 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.
- 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.
- Establish a green procurement mechanism and a carbon emission management system for the supply chain to promote the realisation of the emission targets of the supply chain.
- Establish low-carbon solutions covering the entire value chain, accelerate the overall emission reduction of the industry, and cooperate with the entire industry chain to verify the carbon footprint of the product lifecycle and continuously reduce emissions.

The Company has integrated clean technology innovation into its core strategy, developed low-carbon products, and promoted the large-scale application of new materials in fields such as new energies, automobiles, and electronics and electrical appliances, thereby empowering the green transition of the industrial chain through technological breakthroughs.

Comprehensive Low-Carbon Solutions of the Company

Carbon emission data

- Carbon emission data derived from full life cycle LCA is accurate, authoritative, and widely recognized
- Provisioning of data on carbon emissions for the whole series of solutions
- Carbon emission data computing system has the capability for constant improvement

Low-carbon material solutions

- Bio-based solutions: Bio-based resins, bio-based flame retardants, bio-based additives
- Green factory certification
- Third-party authoritative material certification
- Environmental substance certification and declaration of conformity for the whole batch

Quality control

- Complete production strengths and process control of the factory
- Quality stability of PCRs, GRS certification, ISCC Plus certification, etc.
- A complete range of control procedures and systems for production capacity and process stability
- Properties and quality stability of finished products; a strict control monitoring system

Future planning

- Insight into the future low-carbon development trend and advanced arrangements for material solutions, certification requirements, etc.
- Cooperation with the customers for joint development, truly helping the customers achieve the goal of carbon reduction

Impact, Risk and Opportunity Management

The Company has established systematic climate-related risk and opportunity management processes, covering identification, assessment and monitoring, to help enhance resilience in the face of climate-related risks, while also uncovering potential value and opportunities in its business.

Climate-related Risk and Opportunity Management Processes of the Company

Identification and analysis

- Identify the impacts of the Company's activities on the environmental and climate change, including greenhouse gas emissions;
- Collect external environmental data, including changes in policies and regulations, market trends, technological developments and other factors, and forecast their potential impacts on the Company's operations.
- Apply climate scenario analysis to simulate the Company's exposure to corresponding physical risks and transition risks under different climate scenarios, and assess the resilience of the Company's strategy under each scenario.

Assessment and prioritisation

- Based on the identified information, conduct in-depth assessment through qualitative and quantitative analysis, and analyse the severity of risks and the potential value of opportunities;
- Prioritise climate-related risks and opportunities based on factors such as likelihood of occurrence, degree of impact and management costs.

Monitoring and improvement

- Regularly monitor changes in the external environment to ensure timely identification and tracking of climate-related risks and opportunities, adjust strategies based on monitoring results to respond promptly to the impacts of external environmental changes or internal operational adjustments, and regularly review and optimise the management processes for climate-related risks and opportunities.

The Company has fully integrated climate factors into operational decision-making and, focusing on the three dimensions of green product innovation, green production optimisation, and green office practices, continuously enhanced the capability to respond to climate change, while reducing the Company's own operational carbon footprint and empowering the green transition of the industrial chain.

Green Product Innovation

The Company deeply integrates green and low-carbon principles into the entire lifecycle of product development of customers. The Company not only provides environmentally friendly materials, but also stands shoulder to shoulder with customers to jointly address systemic challenges such as regulatory compliance, carbon reduction commitments, and consumers' green preferences. Through the four-in-one model of "green design + low-carbon manufacturing + recycling and reuse + certification support", the Company helps customers transform sustainable development from a cost burden into a competitive advantage, enabling the carbon reduction value of every tonne of material to be quantified, recognised, and acknowledged by the market.

Green, Low-carbon and Circular Matrix

Service Dimension	Core Capabilities	Value Created for Customers
Green design	• Based on a database of 20,000+ material grades, match the optimal recycled, bio-based, or lightweight solution for products of customers. • In response to customers' product structures, propose modified design recommendations that facilitate disassembly, single-material composition, and ease of recycling. • Provide cradle-to-gate product carbon footprint accounting services in accordance with ISO 14067 and identify emission reduction hotspots. • Intervene at the early stage of customers' product development and design, covering the entire chain from material selection and manufacturing to recycling.	• Enhance the circular value of customers' products throughout the entire lifecycle and reduce the future compliance risks of these products. • Help customers accurately quantify the environmental declarations of their products and respond to compliance requirements such as the EU CBAM. • Significantly improve the degree of alignment in customers' material selection, and provide quantitative calculation support for the environmental benefits of new products. • Shorten customers' material selection cycle by more than 50%, ensuring that both performance and carbon footprint meet standards.
Low-carbon manufacturing	• Build low-carbon and high-efficiency equipment to establish integrated production lines, develop online intelligent sensing technologies, create a digital database of modified materials, build digital factories, increase per-machine production capacity, reduce the defective rate, enhance product batch stability, and effectively reduce manufacturing costs.	• Improve production efficiency and reduce manufacturing costs per unit product to deliver considerable economic benefits; cut product carbon footprint during the manufacturing process, achieve remarkable ecological and environmental benefits, and form an exemplary demonstration effect.
Recycling and reuse	• Mixed plastics: Develop a multi-variety coupled targeted dissolution technology to achieve efficient separation and high-value recycling of mixed plastic components, with a recycling rate of ⩾ 95%, breaking through the bottleneck of traditional physical sorting and capable of processing a variety of composite packaging materials. • Biological recycling: Complete the industrial design for a 100-tonne-scale intelligent enzymatic hydrolysis and develop full-process digital engineering software. • Green packaging: Focus on the substitution with green raw materials for express packaging and product eco-design, develop pulse ultra-high-pressure continuous plasticisation technology for bio-based packaging main materials and their recycled materials, and realise the substitution with green packaging materials. • Chemical recycling: For mass-produced chemical recycling projects, incorporate modified materials to raise the recycled content of final products above 30%, comply with EU regulations on recycled material ratios, and obtain third-party certification.	• High-value recycling, cost reduction and efficiency enhancement: Customers can process mixed waste plastics that are traditionally difficult to recycle efficiently, obtain high-purity recycled materials, and significantly reduce raw material procurement and waste disposal costs. • Large-scale biological recycling, intelligent operation and maintenance: Achieve adaptive control of process parameters, reduce manual intervention, and improve the throughput and operational efficiency. • Green packaging compliance, low-carbon substitution: Improve the utilisation rate of bio-based packaging materials and their recycled materials, comply with EU regulatory requirements, reduce product carbon footprint, and enhance the brand's green image. • Internationally authoritative certification, traceable circularity: Customers can lawfully declare the proportion of recycled content and bio-based sources, achieve traceability of fossil carbon and biogenic carbon, and meet the requirements of premium brands and the EU CBAM.
Certification support	• Assist customers in completing the material-level documentation and testing required for certifications such as GRS, ISCC PLUS, FDA, and RecyClass.	• Provide a basis for the traceability of customers' recycled materials, shorten customers' certification cycle from an average of 18 months to 6-9 months, and enable them to gain an early market advantage.

Core Carbon Reduction Pathways for Green Products

Bioplastics (bio-based and biodegradable)

Recycled plastics (PCR and PIR)

Functional plastics (aesthetic design, lightweight design and replacing steel with plastics)

Green Product Innovation Achievements of the Company

Recycled Plastics and Bioplastics Build a Matrix of Low-carbon Materials

Recycled plastics

- Launched a **composite low-carbon material**, combining bio-based materials and post-consumer recycled materials for the first time in automotive interior parts, significantly reducing carbon emissions.
- Developed a **special bumper material** containing 25% recycled materials, achieving the large-scale application of recycled materials in spray-painted core components while meeting the stringent performance requirements for automotive exterior parts.
- Successfully developed **food-grade recycled materials**, solving the challenges of performance and appearance stability when recycled materials are used in food packaging, and became the preferred raw material for leading customers in the packaging industry.
- Innovatively **recycled and reused discarded cable sheathing**, achieving large-scale mass production for leading international customers and enabling waste resources to regain their value.

Bioplastics

- Launched **soft toy materials with a bio-based content of over 40%**, with performance comparable to petroleum-based materials, but safer and more child-friendly for infants and young children, and also greener and more environmentally friendly.
- Developed **bio-based high-temperature-resistant materials**, which, with characteristics such as being green and low-carbon and having excellent performance, were widely used in new energy vehicles and consumer electronics products.
- Launched **bio-based elastomer materials** featuring low density, high resilience, and other characteristics, which were widely used in fields such as footwear materials and sports equipment, making sports gear lighter and more environmentally friendly.
- Launched a **fully bio-based paper-based laminated PBS material**, combining food contact safety with home-compostable biodegradation properties, perfectly compatible with existing PE production equipment, and supporting the green and low-carbon transformation needs of food packaging.
- Self-develope **high-performance bamboo powder-modified biodegradable plastic**, featuring low density, easy processing and complete biodegradability, while significantly reducing carbon emissions and cutting energy consumption, with performance comparable to traditional PBAT and PLA, and effectively implementing the national green industrial upgrading strategy of "replacing plastic with bamboo".

Product Lightweighting Helps Improve Energy Efficiency across the Industrial Chain

Green mobility solutions

In response to the needs for vehicle lightweighting and battery safety, the Company has built a full-chain energy efficiency improvement system through technological innovation and product upgrades.

- **Steel-plastic composite underbody shields:** Horizontally expanded to fit six vehicle models, with cumulative deliveries exceeding 300,000 sets; through the Company's self-developed rapid compression moulding process, shortened the moulding cycle by more than 30%, increased the annual production capacity of the production line to 350,000 units, and reduced the energy consumption per unit product by 22%.
- **Battery pack protection for new energy heavy-duty trucks:** Adopted thermoplastic composite panels, improving impact resistance by more than 60% and reducing weight by 40% compared with traditional aluminium panels, with driving range extended by more than 15%; through the innovative integration of a paint-free moulding process, reduced VOC emissions per vehicle by approximately 3.2 kg, cumulatively helping customers reduce carbon emissions by approximately 21,000 tonnes.
- **System-integrated lightweighting upgrade:** Established a collaborative design platform for lightweight structures, processes, and performance, achieving an upgrade from "single-component substitution" to "system-integrated lightweighting"; compared with traditional metal solutions, reduced the overall weight by 35% using the system-integrated solution, cumulatively helping customers reduce carbon emissions by approximately 23,000 tonnes.

Weight reduction and extended endurance solution for the low-altitude economy

In response to the needs of unmanned aerial vehicles for long endurance and high payloads, the Company launched high-performance fibre-reinforced composite material solutions.

- **Product expansion:** Horizontally expanded carbon fibre tubing and propeller blade products, with cumulative deliveries of 500,000 pairs of carbon fibre propeller blades and 350,000 carbon fibre tubes.
- **Process and energy efficiency optimisation:** Independently developed a rapid compression moulding process for irregular-shaped parts with hot in/hot out processing, reducing the moulding cycle by 25% and lowering energy consumption per unit product by 25%; compared with traditional metal/nylon solutions, reduced the overall weight by 30% using the system-integrated solution, increased propeller blade lift efficiency by 32%, and extended whole-vehicle endurance by 28%, cumulatively helping customers reduce carbon emissions by approximately 16,000 tonnes.

Cold chain logistics lightweighting and carbon reduction solution

In response to the cold chain transport industry's needs for fuel economy and freight efficiency, the Company provides low-carbon transport system solutions.

- **Thermoplastic liner composite panels:** Compatible with mainstream vehicle models such as 9.6-metre refrigerated semi-trailers, reduced the weight of each vehicle by up to 500 kg and achieved a weight reduction of over 35% compared with traditional metal skins, while reducing fuel consumption per vehicle by 15 litres per 100 kilometres; effectively reduced refrigeration power consumption by 18% using the material's low thermal conductivity, cumulatively helping customers reduce carbon emissions by over 2 million tonnes.

Case Becoming a Technology-leading Benchmark in the Consumer Electronics Industry

In green and low-carbon solutions, the consumer electronics industry represents the advanced direction of the Company's sustainable development. Consumer electronics products are characterised by small size, thin walls, and stringent appearance requirements, placing far more demanding requirements on material flowability, mechanical properties, and surface quality than industries such as automobile and packaging. The Company has taken the lead in achieving technological breakthroughs in this field, driving extensive applications across other industries.

Amid the global AI PC wave, the Company provides leading customers with environmentally friendly material solutions such as **PFAS-free flame-retardant reinforced PC**, balancing lightweight and thin product design with low-carbon compliance across the supply chain, while also providing precise carbon footprint calculation services for the industrial chain and building an end-to-end green material supply system.

Case Automotive Lightweighting Energy Efficiency Enhancement Solution

In response to the automotive industry's core needs for lightweighting, fuel economy, and electric vehicle range, the Company's modified materials sector focuses on core products such as long fibre-reinforced thermoplastics (LFT), building a full-chain energy efficiency solution from material R&D to system application:

1. Large-scale delivery and market coverage

In 2025, the production and sales volume of the Company's LFT products both reached approximately 100,000 tonnes. Such products were widely used in core automotive structural components, covering key parts such as instrument panel frames, front-end modules, shrouds, engine covers, engine underbody shields, and battery trays.

2. Lightweighting and energy efficiency improvement results

Through material innovation and structural optimisation, LFT products achieved a parts weight reduction of approximately 20%, while some core components (such as front-end modules) achieved weight reductions of up to 40-50% compared with traditional sheet metal parts. Lightweighting solutions directly reduced vehicle operating energy consumption, significantly lowered fuel consumption per 100 kilometres for fuel vehicles, effectively increased the driving range of electric vehicles, and reduced carbon emissions throughout the lifecycle.

3. Process and technological innovation

- Efficient moulding technology: Through optimisation of compression moulding processes and upgrading of material formulations, the moulding cycle was shortened, production efficiency was improved, energy consumption per unit product was reduced, while ensuring the dimensional accuracy and mechanical performance of parts.
- Collaborative design platform: By building collaborative design capabilities integrating materials, structures, and processes, the Company upgraded from "single-component weight reduction" to "system-integrated energy efficiency enhancement". Through optimisation of overall solutions, the Company maximised the overall vehicle energy efficiency.

Typical Application Cases

Instrument panel frames	Use GFPP materials to reduce weight by approximately 10%, enhancing vehicle handling and energy efficiency
Front-end modules	Replace metal with GFPP to reduce weight by 40–50%, balancing stiffness and lightweight requirements
Shrouds	Use PP-LGF materials to reduce weight by 15–20%, optimising the energy efficiency of the cooling system
Engine covers/ underbody shields	Use GFPP materials to reduce weight by 15% and 20%, respectively, reducing energy consumption and noise
Battery trays	Replace metal to reduce weight by 20%, improving the integration efficiency and safety of battery packs

Case Empowering High-efficiency Lighting with LED Material Technology

The Company has deeply cultivated the LED lighting materials field and, through joint development with customers, launched thinner, more durable high-performance materials, thereby improving the energy efficiency and lifespan of lighting products from the materials end.

- The independently developed **high-fluidity materials** enable LED supports to be made thinner and more precise.
- **High-weather-resistance materials** increase the illuminated lifespan of LED lamp beads by 10%, making lighting products more energy-efficient and more durable.

Case The Company Debuted at COP30 to Showcase Green and Low-carbon New Material Solutions

In 2025, the 30th United Nations Climate Change Conference (COP30) was held in Belém, Brazil. Academician Li Jianjun of the Company was invited to deliver a keynote speech at the UN Press Briefing Room, themed "Green and Low-carbon New Material Solutions to Support the Sustainable Development of the Industrial Chain", demonstrating to the world the Company's innovative practices in green transition. Academician Li systematically introduced the Company's carbon strategy released in 2021, which is, by 2030, reducing greenhouse gas emissions per unit product by at least 30% compared with 2022, advancing the circular economy objective of achieving "one million tonnes in three fields", and realising full carbon neutrality before 2060.

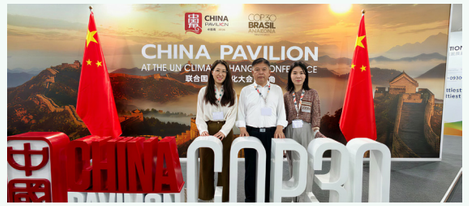
Through breakthroughs in intelligent sorting of waste plastics, high-quality recycling and high-value utilisation technologies, combined with the R&D of bio-based materials and lightweight structural design, the Company has built a multidimensional, whole-chain green carbon reduction system. Relevant products have obtained multiple internationally authoritative certifications, including GRS, ISCC PLUS and FDA.

During the conference, the Company's delegation actively participated in a series of side events and bilateral exchanges, engaging in in-depth discussions with international partners including government authorities of relevant countries, international organisations, automotive brands, and electronics and electrical brands. This laid a solid foundation for expanding overseas green business and promoting international coordination of technical standards, demonstrating the innovative leadership and responsibility of Chinese enterprises in global climate governance.

Li Jianjun Attended COP30 on Behalf of the Company and Delivered a Speech at the UN Press Briefing Room

The Company's Sustainable Development Team Spoke and Exchanged Views at a Series of Side Events during COP30

Academician Li Was Invited to Attend the Plastics Summit – Global Event 2025 Held in Portugal and Delivered a Keynote Speech on the Green Transition of the Plastics Industry



Academician Li and the Company's Sustainable Development Team Participated in and Exchanged Views at the China Pavilion of the United Nations Climate Change Conference

Case Integration of Environmental and Low-carbon Standards into Bio-based Material Design of the Company

Leveraging the advantages of biomanufacturing technology in the green and low-carbon field, the Company actively deploys synthetic biotechnology to produce bio-based monomers using renewable biomass as raw materials, thereby reducing dependence on fossil resources at the source.

During the R&D of related technologies and processes, the Company strictly follows international standards such as ISO 14064-3:2019 Greenhouse gases - Specification with guidance for the validation and verification of greenhouse gas assertions, ISO 14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification, ISO 14040:2006 Environmental management - Life cycle assessment - Principles and framework, and ISO 14044:2006 Environmental management - Life cycle assessment - Requirements and guidelines, systematically integrating carbon reduction performance and bio-based content indicators into the design of new products and new technologies. This ensures that the low-carbon attributes of products across the entire life cycle are quantifiable and traceable, delivering green and low-carbon material solutions for downstream customers.

Green Production Optimisation

The Company continues to advance the optimisation of green production, comprehensively implementing energy-saving technological transformation measures across the modified plastics, new materials, and green petrochemicals sectors, and effectively reducing production energy consumption and carbon emissions through process upgrades and equipment renewal. At the same time, the Company actively expands the use of clean energy, accelerates the construction of photovoltaic projects in factory areas, increases the proportion of green electricity application, and produces and utilises hydrogen energy, thereby driving the low-carbon transition of the entire production process with a cleaner energy mix. For details, please refer to the section "Energy Usage".

The Company and its subsidiaries have actively carried out the construction of green factories, and created a "green factory" management model. From six modules, namely infrastructure, management system, energy and resource inputs, products, environmental emissions, and environmental performance, they have promoted green manufacturing, and sought solutions with both environmental and production benefits. As of the end of the reporting period, the Company has passed the national green factory certification. Ningbo Kingfa, Wuhan Kingfa, Kingfa Biomaterials, Tianjin Kingfa and Kingfa Recycling have all been included in the list of national green factories.

Case **Training Activities for Greenhouse Gas Internal Verifiers**

To effectively respond to the requirements of stakeholders such as customers, regulators, and investors, implement the Company's carbon strategic objectives, enhance the Company's management of greenhouse gas emissions, and improve the professional capabilities of internal verifiers, the Company invited an international third-party certification body to conduct a two-day ISO 14064 Greenhouse gas management internal verifier training at its Guangzhou headquarters. After the training, 40 trainees passed the assessment and obtained the SGS-issued ISO 14064-1:2018 Greenhouse Gas Internal Verifier Training certificate. The training participants mainly included liaison personnel for carbon emissions inventory at each base and other personnel related to greenhouse gas management.


Training Kick-off Meeting Site

Green Office Practices

The Company has formulated the Management Regulations for Management of Energy Consumption in Offices and Living, advocating actions such as electricity and water conservation in daily work, implementing green office initiatives, and encouraging its employees to practise a low-carbon lifestyle.

Green Office Initiatives of the Company

- Utilise environmentally friendly air conditioners for night cold storage, set temperature zoning during operation, activate door closure reminders, and suspend operation during rest periods.
- Adopt group linkage control for elevators, formulate reasonable start-stop schedules based on passenger flow, and reduce unnecessary empty elevator operation.
- Use energy-efficient computers, printers, and other equipment and strengthen the maintenance and management of lighting and air-conditioning systems.
- Promptly adjust when to turn on and off the street lights and lighting devices according to seasonal changes.
- Develop an online process approval system and an online procurement platform for office supplies, encourage a paperless office, and avoid unnecessary paper waste.
- Post water-saving and energy-saving signs, carry out environmental protection publicity and training, knowledge competitions and other activities, and foster a positive atmosphere for energy saving and consumption reduction.
- Strictly comply with waste sorting and disposal regulations, and classify and label the waste bins.

Indicators and Targets

To actively respond to the "dual carbon" goals, the Company has formulated emission reduction and carbon neutrality targets based on the positioning and strategy, established monitoring indicators such as greenhouse gas emissions, continuously strengthened emission reduction management, and steadily enhanced the Company's low-carbon development level.

Greenhouse gas emissions were verified by SGS-CSTC Standards Technical Services Co., Ltd. (SGS) in accordance with ISO 14064-3:2019 and met the requirements of ISO 14064-1:2018, with a verification statement issued. The greenhouse gas emissions verification results showed that the Company's 2025 greenhouse gas verification covered the headquarters and 18 sites in mainland China across the modified plastics, green petrochemicals, new materials, and healthcare sectors, representing an increase of one site compared with 2024, namely Liaoning Kingfa Biomaterials. During the reporting period, the total greenhouse gas emissions of these 18 sites (Scope 1 + Scope 2 + Scope 3) amounted to 17,618,371.59 tonnes of CO_2 equivalent. The carbon emission intensity per unit product of domestic modified plastics (Scope 1 + Scope 2) was 0.1305 tonnes of CO_2 equivalent, with a decrease of 29.32% compared with 2022.

Type	Greenhouse Gas Emissions (Unit: Tonnes of CO_2 Equivalent)
Scope 1 direct emissions	975,816.39
Scope 2 indirect emissions	2,158,935.39 (location-based)
Scope 3 other indirect emissions	14,483,619.81

(1) Scope 1: Direct greenhouse gas emissions, specifically including activities within the operational boundary such as fuel combustion by fixed equipment required for production, fuel combustion by transport vehicles, raw and auxiliary material processing, fugitive emissions from refrigeration equipment, and emissions from septic tanks in the factory area.

(2) Scope 2: Indirect greenhouse gas emissions from imported energy, specifically including electricity and steam provided from outside the organisational boundary.

(3) Scope 3: Other indirect greenhouse gas emissions. The verification scope in 2025 was more comprehensive, specifically including Category 1 Purchased goods and services, Category 2 Capital goods, Category 3 Fuel- and energy-related activities (not included in Scope 1 and Scope 2), Category 4 Upstream transportation and distribution, Category 5 Waste generated in operations, Category 6 Business travel, Category 7 Employee commuting, Category 9 Downstream transportation and distribution, Category 12 End-of-life treatment of sold products, and Category 13 Downstream leased assets.

(4) The total number of sites included in the statistics for carbon emission intensity per unit product of modified plastics remained the same as in 2022-2024, including the headquarters and 11 sites of the modified plastics sector within China (including recycled plastics), and the emissions data were all verified by an independent third-party institution.

Strategic "Carbon" Target of the Company

Medium-term targets

- Compared with 2022, the greenhouse gas emissions per unit of products will be reduced by at least 30% by 2022 on a year-on-year basis.
- Produce 1 million tonnes of green plastics, recycle 1 million tonnes of waste plastics, and produce 1 million tonnes of recycled plastics by 2030.

Long-term target

- The Company will realize complete carbon neutrality by 2060.

Progress on 2025 Strategic "Carbon" Target of the Company

Indicator	Unit	Progress in 2025
Carbon emission intensity per unit product of domestic modified plastics (Scope 1 + Scope 2)	tonnes of CO_2 equivalent/tonne of product	0.1305
Production of green plastics[1]	10,000 tonnes	30.94
Recycling of waste plastics	10,000 tonnes	27.20
Production of recycled plastics	10,000 tonnes	37.90

Note 1: Green plastics is a collective term for biodegradable plastics and bio-based materials.

Energy Usage

During the Company's operations, energy consumption mainly comes from production equipment and daily office work, involving energy types such as electricity, natural gas, coal water slurry, steam, diesel, etc.

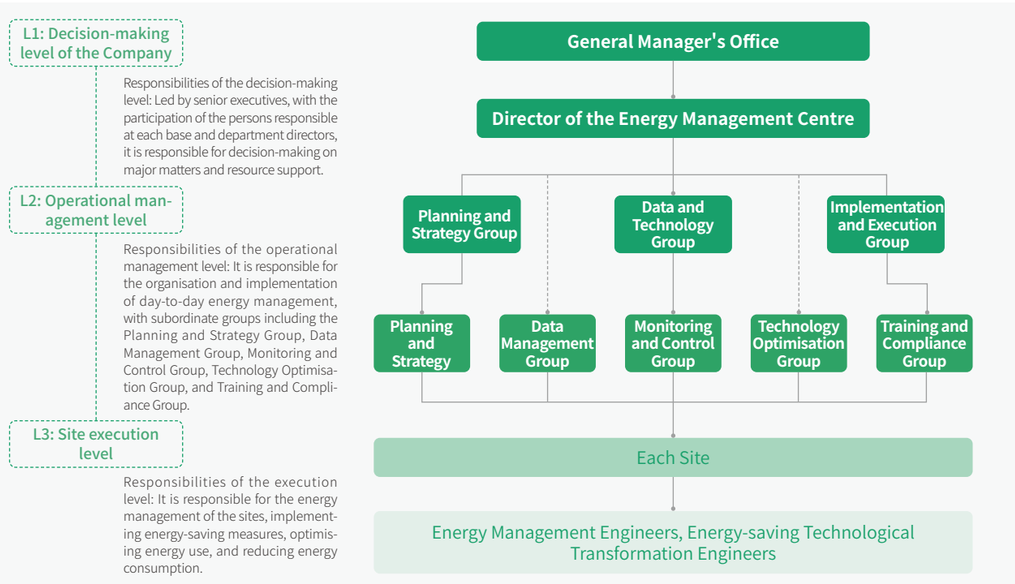
Energy Usage Types and Processes of the Company

Energy Type	Usage Process
Electricity	Electricity consumption by production equipment, daily office operations
Natural gas	Utilities equipment in the manufacturing department, factory canteen
Coal water slurry	Utilities equipment in the manufacturing department
Steam	Reaction unit heat tracing
Diesel	Limited use in vehicles, forklifts, standby generators, etc.

Governance

The Company strictly complies with laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Renewable Energy Law of the People's Republic of China and has established an energy management architecture of "General Manager's Office - Energy Management Centre - management teams at each base", and formulated systems such as the Handbook of Energy Management Post Responsibilities and the Measures for the Performance Assessment of Energy Management to standardise energy management and promote green transition.

Energy Management Architecture of the Company



Strategy

The Company identifies risks and opportunities related to energy usage, formulates energy management strategies, and provides direction at the top level for the subsequent establishment of the energy management system and the promotion of energy-saving projects.

Analysis of Energy Usage Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Policy risk	As a new chemical materials enterprise with high energy consumption, energy costs such as electricity, steam, and natural gas account for a relatively high proportion of the Company's operating expenditure. As the country advances its "dual carbon" goals, market-driven fluctuations in energy prices, as well as possible policies such as tiered electricity pricing and carbon tax, will directly drive up production costs and squeeze profit margins.	Short and medium term	Increased operating costs
Resource efficiency opportunities, energy sourcing opportunities	Implementing energy-saving technological upgrades, adopting clean energy and efficient energy technologies can improve corporate energy efficiency and reduce operating expenses.	Short, medium, and long term	Reduced operating costs

"Four-in-One" Energy Usage Strategic Framework of the Company

Strategic leadership

- Used the Energy Management Centre as the engine to drive the implementation of the low-carbon intelligent strategy
- Incorporated the dual carbon strategy into the Group's five-year plan
- Incorporated energy conservation and emission reduction targets into the KPI assessment system

Data foundation

- Achieved a closed loop of "collection - analysis – optimisation" for data management
- Unified data standards and comprehensively monitored electricity, water, gas, coal water slurry, etc.
- Built an energy data warehouse for the entire Group

Institutional safeguards

- Established an energy management system
- Issued the Measures for the Performance Assessment of Energy Management
- Ensured target refinement and deviation correction
- Established an Energy Conservation Award Fund

Technology empowerment

- Conducted technological innovation and promoted efficient facilities and equipment to improve efficiency and reduce emissions
- Optimised equipment operation with the help of intelligent sensing, edge computing, and digital twins
- Implemented intelligent upgrades in phases to achieve dynamic optimisation

The Company has formulated four core action pathways to establish a closed-loop energy management pathway of "green transition - lean consumption reduction - intelligent balancing - strategic procurement", systematically reducing energy consumption and carbon emission intensity.

Four Action Pathways for Energy Management of the Company

Pathway	Target	Specific actions
Green Transition - Accelerating the Deployment of Clean Energy	Significantly increase the proportion of green electricity and build a diversified and resilient energy system	• Comprehensively promote the large-scale development of photovoltaics • Deepen the application of "photovoltaics + energy storage" • Ensure efficient and secure access
Lean Energy Consumption Reduction - Deepening Energy Efficiency	Establish a long-term energy-saving mechanism to achieve a steady decline in energy consumption per RMB 10,000 revenue	• Implement energy budget management • Promote the implementation of energy-saving technological transformation projects based on energy audits • Continue to phase out inefficient equipment, optimise production processes, and improve overall energy usage efficiency
Intelligent Balancing - Optimising System Operations	Achieve multi-energy collaboration, moving from manual data governance to intelligent optimisation	• Current stage - data foundation building • Medium-term stage - platform establishment • Long-term planning - intelligent optimisation
Strategic Procurement - Reducing Energy Costs	Maximise the use of market rules to reduce overall energy costs	• Keep pace with electricity market policies and optimise power procurement strategies • Actively participate in green electricity trading and demand-side response • Integrate energy storage with production scheduling to maximise the benefits of peak-valley electricity price differentials

Impact, Risk and Opportunity Management

The Company has established systematic management processes for risks and opportunities in energy usage, covering model development, target setting, inspection and improvement. Through data-driven energy efficiency diagnostics and a closed-loop control mechanism, the Company continuously identifies potential for energy saving, ensures the effective achievement of energy performance targets, and promotes the steady improvement of energy usage efficiency.

Energy Usage Risk and Opportunity Management Processes of the Company

Establish a management model	Set management targets	Compile actual performance data	Identify energy waste	Develop recovery measures
Establish an energy consumption model, including a factory model and an indicator system	Formulate annual and monthly energy usage plans, as well as requirements for the construction, renovation and expansion of energy facilities	Collect metering data and conduct energy balance calculations	Identify energy gaps, conduct diagnostic optimisation, detect energy waste and identify energy-saving directions	Formulate energy-saving initiatives and implement energy-saving actions

In 2025, the Company systematically advanced energy-saving technological transformation projects across all business sectors, continuously reducing production energy consumption around key processes such as equipment upgrades, process optimisation, and energy recovery, and consolidating the foundation of green manufacturing.

Energy-saving Technological Transformation Initiatives and Key Projects of Each Sector of the Company in 2025

Modified plastics sector	A key focus of energy-saving technological transformation projects, accounting for 56% of the total number of projects, mainly concentrated on lighting system retrofits, equipment energy-saving optimisation, and process improvements.	• Chengdu Kingfa's energy-saving lighting retrofit project involved an investment of RMB 700,000, with estimated annual electricity savings of 794,000 kWh and a payback period of only 0.9 years; the extruder insulation cover project was rolled out comprehensively, with an investment of RMB 500,000 and annual electricity savings of 500,000 kWh. The above projects could reduce carbon emissions by a total of approximately 686.60 tonnes of CO_2 equivalent[1] per year. • Jiangsu Kingfa's energy-saving optimisation project for the Roots blower feeder involved an investment of RMB 500,000, with estimated annual electricity savings of 432,000 kWh and a reduction in carbon emissions of approximately 229.22 tonnes of CO_2 equivalent[1].

Note 1: The carbon emission factor used to calculate emission reductions was 0.5306 kgCO_2e/kWh.

New materials sector

Focus on energy savings in production processes and improving equipment efficiency, mainly involving energy-saving upgrades to key equipment such as extruders and dryers.

- Tianjin Kingfa's dryer energy-saving improvement project involved an investment of RMB 320,000, with estimated annual electricity savings of 650,000 kWh and a reduction in carbon emissions of approximately 344.89 tonnes of CO_2 equivalent[1].
- Jiangsu Kingfa's extruder electricity-saving project was expected to save 300,000 kWh of electricity annually through variable-frequency retrofitting and reduce carbon emissions by approximately 159.18 tonnes of CO_2 equivalent[1].
- Zhuhai Vanteque Specialty Engineering Plastics replaced the original equipment's oil temperature heating and electric heating with electromagnetic heating, with estimated annual electricity savings of 474,200 kWh and a reduction in carbon emissions of approximately 251.61 tonnes of CO_2 equivalent[1].

Green petrochemicals sector

Focus on energy-saving retrofits of large-scale equipment and system-level upgrades, with relatively high project investment but significant energy-saving results.

- Ningbo Kingfa's extruder electricity-saving retrofit project saved 12.772 million kWh of electricity annually, reduced carbon emissions by approximately 6,776.82 tonnes of CO_2 equivalent[1], equivalent to 1,569.68 tonnes of standard coal (conversion factor: 0.1229 kgce/kWh).

Healthcare sector

Grid load optimisation was achieved through policy recognition and preferential electricity tariffs, while also focusing on waste heat recovery, using "ambient heat energy" from the workshop to replace traditional heating.

- The energy-saving retrofit project for Kingfa Medical's high-efficiency air-source high-temperature heat pump could reduce natural gas consumption per unit product by 0.2 cubic metres.
- Kingfa Medical's refrigeration cold thermal storage system successfully obtained recognition under the cold thermal storage electricity pricing policy of the Guangdong Provincial Development and Reform Commission, enabling Kingfa Medical to enjoy the preferential electricity tariff for cold thermal storage and adopt off-peak electricity use, saving approximately RMB 900,000 in annual electricity costs.

Note 1: The carbon emission factor used to calculate emission reductions was 0.5306 kgCO_2e/kWh.

Case **Kingfa Biomaterials' Energy-saving Technological Transformation Significantly Improved Capacity Utilisation Rate**

Kingfa Biomaterials, through comprehensive measures such as continuously optimising production processes, advancing the automation upgrade of equipment, and increasing the use of new energy, focused on breaking through capacity bottlenecks in production processes, thereby achieving a comprehensive improvement in resource utilisation efficiency and production performance. During the reporting period, the capacity utilisation rate of Kingfa Biomaterials' major biodegradable material products increased substantially, overall production efficiency increased by more than 40%, and energy consumption per unit product decreased by more than 30%. The specific improvements in product capacity utilisation rates are as follows:

PBAT resin	PLA resin	PBS resin (including PBST)
Capacity utilisation rate increased from 77% in 2024 to 102%.	Capacity utilisation rate increased from 27% in 2024 to 51%.	Capacity utilisation rate increased from 37% in 2024 to 51%.

In terms of clean energy utilisation, the Company adheres to the concept of green development, continuously optimises the energy structure, actively explores and vigorously applies clean energies such as solar energy, wind energy and hydrogen energy, promotes its substitution of traditional fossil energy, constantly increases the proportion of clean energy to total energy consumption, and gradually constructs a green, low-carbon, sustainable energy system. To further deepen carbon reduction practices, the Company actively promotes green electricity substitution in the manufacturing process of various production bases. In 2025, the proportions of green electricity used by Qingyuan Meijin, Liaoning Kingfa Biomaterials, Zhuhai Vanteque Specialty Engineering Plastics, and Zhuhai Kingfa Biomaterials reached 100%, 62%, 53%, and 19%, respectively, with cumulative annual purchases of green electricity reaching 70.151 million kWh.

Case **Turning Waste into Value, Hydrogen Energy Driving Green and High-Quality Development**

Ningbo Kingfa possesses high-quality by-product hydrogen resources. Relying on two 600,000-tonne-per-year propane dehydrogenation (PDH) units, it carries out resource-based purification and efficient utilisation of hydrogen-rich tail gas by-produced from the units, converting low-value industrial by-product tail gas into high-value-added clean energy.

In 2025, Ningbo Kingfa's resource-based utilisation of by-product hydrogen exceeded 18,000 tonnes, and the purity of its high-purity hydrogen products consistently reached 5N grade (99.999 vol%). Through the recycling and reuse of industrial tail gas, it effectively unlocked the value of waste resources and provided stable green energy support for the region's low-carbon transition. On the premise of prioritising internal production and self-use needs, the Company actively promoted the nearby "over-the-wall supply" model. Leveraging diversified delivery methods such as pipeline transmission and vehicle transportation, Ningbo Kingfa steadily supplied gas to surrounding industrial enterprises and the hydrogen energy transport sector, continuously improving the regional resource recycling and collaboration system and building an intensive, low-carbon, and efficient energy recycling network.

With tail gas resource utilisation as the starting point, Ningbo Kingfa continuously advanced energy-saving, carbon-reduction, and resource-recycling transformation, maximising the utilisation efficiency of by-product resources and reducing pollutant and waste gas emissions. By realising the value-added, clean, and large-scale application of "industrial by-product tail gas", it balanced business development with environmental governance, steadily consolidated the foundation for green and low-carbon development, and achieved synergistic gains in environmental and economic benefits, thereby forming a practical and replicable model for the low-carbon upgrading of the petrochemical industry, the green and sustainable development of industry, and comprehensive ESG governance.

Performance in Clean Energy Utilisation of the Company

As of the end of the reporting period:

- The rooftop photovoltaic installed capacity reached **68.543** MWp
- The capacity under construction was **48.746** MWp
- In 2025, the cumulative green electricity procurement reached **70,151,000** kWh
- In 2025, photovoltaic power generation was up to **83,343,300** kWh, representing an increase of **250.33%** compared with 2024
- In 2025, the production of hydrogen-rich gas reached **16,406.73** tonnes, and the production of high-purity hydrogen was **7,814.79** tonnes

Indicators and Targets

The Company has set an energy usage target that "compared with 2022, energy consumption per RMB 10,000 revenue will be reduced by 25% by 2030". Each year, annual targets are formulated based on the actual circumstances of each subsidiary, to ensure that targets are decomposed at every level and to promote the continuous and in-depth implementation of energy conservation and carbon reduction efforts.

Progress on 2025 Energy Usage Target of the Company

Indicator	Unit	Achievement Status in 2025
Comprehensive energy consumption per RMB 10,000 revenue	tonnes of standard coal/RMB 10,000 revenue	0.1250

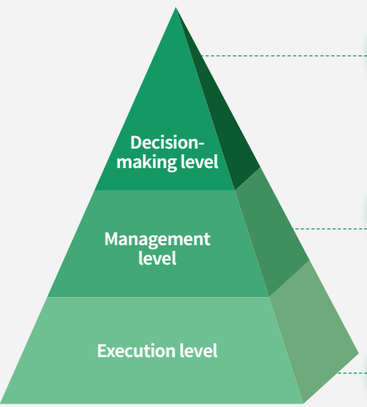
Usage of Water Resources

The main types of water sources used in the Company's production and operation processes are municipal water supply and reclaimed water from outside the factory. The Company strictly complies with the Water Law of the People's Republic of China and the Regulations on Water Conservation, as well as other relevant national and local laws and regulations, and has established a sound management system and strengthened water resources management.

Governance

The Company has established a three-level collaborative governance structure for the usage of water resources, embedding water-saving measures into the entire production process through refined operations and forming a closed-loop management system from the strategic planning to the on-site operation, and from the target formulation to the data traceability.

Usage of Water Resources Management Structure and Responsibilities of the Company



Strategy and Sustainability Committee of the Board of Directors

- Serve as the highest decision-making and supervisory body for water resources management
- Be responsible for approving water resources strategies and water resources management targets

General Manager

- Serve as the overall person in charge of water resources management
- Break down and issue the annual water resources management targets and oversee the implementation of policies and key initiatives

Process Equipment Department, Utilities System and heads of each factory

- Serve as the implementing departments for water resources management
- Formulate and implement water resources management plans, carry out water-saving technological transformation, and organise routine data monitoring and equipment maintenance

Strategy

The Company conducts water resource risk monitoring and assessment covering all production and operational processes, formulates annual water resource management indicators and targets based on the identified risks, and develops targeted water conservation plans for all operating sites.

Analysis of Water Resource Usage Risks and Opportunities of the Company

Major Risk/Opportunity	Specific Description	Scope of Impact	Financial Impact
Water scarcity risk	The Company's production bases are widely distributed, and some factories may be located in areas facing insufficient water resource endowment or seasonal water shortages.	Short, medium, and long term	Increased operating costs

Impact, Risk and Opportunity Management

The Company has built a proactive prevention and control model for "data-driven warning - hierarchical hazard management - rapid emergency response - dynamic enhancement of capabilities", and adopted a series of management measures to effectively respond to water resource risks.

Water Resources Management Measures

- Perform risk assessment and analysis for water use; take corresponding management measures for different levels of risks.
- Establish a Water usage data monitoring system for monitoring water consumption and water quality in real time; find the 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.
- Perform regular patrol inspections and equipment inspections to identify and resolve the potential risks in time.
- Promote the use of water-saving equipment to reduce water consumption.
- Carry out workshop renovation to promote the recycling of water resources.
- Regularly conduct training on the safety of water use to increase the employees' awareness of water risks and their ability to deal with the risks.
- Establish a water-saving incentive mechanism to encourage all employees to participate in water-saving initiatives.

Case **Ningbo Kingfa Implemented a Substitution Project with Reclaimed Water from Outside the Factory to Gradually Raise the Usage Ratio of Reclaimed Water**

The first circulating water station of Ningbo Kingfa's utilities originally used industrial water as make-up water. In 2025, Ningbo Kingfa completed a reclaimed water substitution retrofit project, introducing reclaimed water from outside the factory into the in-factory reclaimed water pipeline. By gradually increasing the proportion of reclaimed water and simultaneously optimising chemical dosing and blowdown processes, the project achieved an annual reclaimed water substitution volume of 463,600 tonnes while ensuring that the circulating water quality met the required standards.

Case **Kingfa (Vietnam) Vacuum System Water Reuse Project, Significantly Reducing Water Resources Consumption**

Kingfa (Vietnam)'s centralised vacuum extraction system originally used three 37 kW liquid ring vacuum pumps (two in operation and one on standby), requiring a daily replenishment of 120 tonnes of fresh water. Kingfa (Vietnam) added a chiller and heat exchanger to the system, changing the vacuum pump working water from direct discharge to recirculating cooling use. After the modification, the system only needed to discharge two tonnes of wastewater per day, and the water consumption reduction rate exceeded 98%, significantly reducing water resource consumption and wastewater treatment costs, and achieving an organic integration of cleaner production, water conservation, and efficiency enhancement.


Circulating Cooling Use of Vacuum Pump Water

Indicators and Targets

In 2025, the Company set a reduction target that "compared with 2025, water consumption per RMB 10,000 revenue will be reduced by 10% by 2030" for the usage of water resources, formulated a detailed plan for the usage of water resources, clarified the relevant indicators and water-saving targets for each department, and ensured the effective implementation of water-saving actions.

2025 Water Resource Usage Indicators of the Company

Indicator	Unit	Achievement Status in 2025
Water consumption per RMB 10,000 revenue	tonnes/RMB 10,000 revenue	2.42

Waste Disposal

In strict compliance with laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Company has formulated internal systems such as the Solid Waste Management Regulations, the General Solid Waste Management System, and the Hazardous Waste Management System, and, relying on the Company's environmental management structure (see the section "Environmental Compliance Management" for details), established a sound waste governance system to ensure that all types of waste are disposed of in a standardised, harmless, and resource-efficient manner.

Main Waste Types and Disposal Methods of the Company

Type	Main Content	Disposal Methods
Non-hazardous Waste	General industrial solid waste	• Scientifically and efficiently recycle the general industrial solid waste with recycling value. • Appropriately deliver certain general industrial solid waste to thermal power stations and use advanced energy conversion technologies for power generation, realising the transformation from waste to energy. • For those that really cannot be internally recycled, strictly screen and entrust a third-party professional organisation with corresponding qualifications for safe and standardised disposal.
	Domestic waste	• Collect and hand over to a municipal sanitation department for disposal.
Hazardous waste	Laboratory waste liquid, empty reagent bottles, waste organic resin, waste catalyst, oil sludge, physico-chemical sludge from the wastewater treatment station, waste spiky balls, waste molecular sieves, waste engine oil, high-salinity mother liquor, waste mineral oil, etc.	• Entrust external third-party organisations with professional qualifications for properly disposing of the waste. • Recycle the steam generated after incineration of certain hazardous waste by a third party.

The Company has formulated waste disposal processes to ensure that different categories of waste are standardised and controlled throughout the entire process from classification and temporary storage to transfer and disposal.

Waste Disposal Processes of the Company

	General industrial solid waste	Hazardous waste
Identification and judgement	Identify and judge that industrial solid waste is not included in the National directory of Hazardous Wastes or other identification standards for hazardous waste, and is not hazardous.	Identify the hazardous waste based on the corresponding identification standards, including the National directory of Hazardous Wastes, the Technical Specifications on Identification for Hazardous Wastes, and the Identification Standards for Hazardous Wastes, determine waste types and manage such waste by type.
Collection and storage	• After general industrial solid waste is generated, collect such waste by different types, hand over waste to the relevant departments for unified warehousing, treatment and storage, and set up environmental protection graphic signs. • Ensure that the storage places are equipped with the facilities or measures for protection against rain, leakage, scattering and loss, and prohibit the hazardous waste and domestic mixing hazardous waste with household waste.	• When collecting the hazardous waste, equip with necessary collection tools, packaging and temporary storage facilities, and make sure that the collection sites are close to the operation areas and do not affect or hinder the safe passage. • In the process of hazardous waste collection, storage, and management, equip with appropriate labour protection articles, occupational hazard notification cards and other signs, and protective equipment. • Equip centralised storage facilities or places for hazardous waste with safety facilities or equipment according to the types and hazard characteristics of the hazardous waste stored. • Ensure that the storage plans and facilities are safe, reasonable, and feasible.
Disposal and transfer	• Implement harmless disposal measures for the disposal of general industrial solid waste. • Strictly record the generation and storage conditions, and regularly report such conditions and enter them into the system. • Ensure that the relevant units and third-party disposal organisations are qualified, and draft emergency plans for environmental incidents.	• When transferred internally, package the hazardous waste in good containers or packages to prevent leakage and pollution. • Make declarations on the environmental supervision platform and print hazardous waste labels in accordance with the regulations. • Examine hazardous waste disposal units to ensure that they are qualified.

The Company carries out in-depth waste reduction and resource conversion initiatives across major production bases, continuously tapping the potential of "turning waste into value" through process innovation, equipment upgrades, and classified and graded recycling, so as to minimise the volume of waste requiring end-of-pipe disposal and promote the efficient circular use of resources.

Case **Ningbo Kingfa Carried out Comprehensive Governance Work on Hazardous Waste Reduction**

In 2025, Ningbo Kingfa officially carried out comprehensive governance work on hazardous waste reduction, effectively improving the level of hazardous waste management through the comprehensive optimisation of hazardous waste disposal processes and technical improvements.

Ningbo Kingfa Hazardous Waste Reduction Measures

With source reduction and resource recycling at the core, reduce the generation of solid waste

- Optimise the use and management of catalysts in PDH units, conduct professional screening of replaced spent catalysts, recover and reuse the inert particles and ceramic balls therein, realise the resource-based recycling of hazardous waste, reduce the generation of downstream hazardous waste, and improve resource utilisation efficiency.
- Standardise the disposal process for waste packaging bags from modified PP and PP units, achieve resource-based recycling of waste packaging bags through compliant sales, avoid idle stockpiling of waste, and promote waste recycling.
- Implement drying treatment for sludge from wastewater treatment, successfully reducing the moisture content of sludge from 80% to as low as 45%, significantly reducing sludge weight, effectively decreasing Ningbo Kingfa's overall generation of hazardous waste, and alleviating disposal pressure.

Strengthen end-of-pipe treatment to ensure compliant and controllable disposal

- Conduct extensive research and screening of end-of-pipe hazardous waste treatment teams, carry out comprehensive evaluations in terms of disposal qualifications, technical capabilities, compliance records and service standards, with the best candidates selected to ensure that the entire process of hazardous waste transfer, transportation and disposal is legal, compliant, standardised and orderly, and to effectively ensure that hazardous waste disposal is safe, controllable and in line with environmental standards.

Case **Kingfa (India) Practised Waste Reduction and Resource Utilisation**

In 2025, Kingfa (India) systematically advanced waste management in three main directions, namely source reduction, recycling, and green substitution, and achieved remarkable results.

- **Strengthening the recycling of production scrap.** Kingfa (India) established a regular recycling mechanism to crush and recycle large head scrap generated during the production process, with an average monthly recovery of 22 tonnes; carried out classified recycling of raw material packaging bags, with an average monthly recovery of 12 tonnes; and collected and reused floor sweepings, with an average monthly volume of 700 kilogrammes, thereby maximising the conversion of production scrap into usable resources.
- **Promoting packaging recycling.** To address the wear and tear of wooden pallets, Kingfa (India) established an in-house repair mechanism, with an average of 300 pallets repaired per month, effectively reducing the generation of wood waste and easing the pressure of solid waste disposal.
- **Implementing green office substitutions.** Disposable paper cups were fully replaced with ceramic tea cups, eliminating paper cup waste at source and achieving a green micro-transformation in office operations.

The Company has set a waste management target of "establishing a comprehensive waste classification and recycling system and ensuring that compared with 2022, the recycling rate of industrial waste will increase to 60% by 2030". The Company continues to advance refined waste management across major production bases, regularly carry out special initiatives for tracking, evaluating, and improving recycling rates, and ensure the steady achievement of the target.

2025 Waste Disposal Performance of the Company

- In 2025, the Company recycled **6,506.39** tonnes of industrial waste, with a recycling rate of **9.63%**.
- The compliant treatment rate of solid waste and hazardous waste was **100%**.

Circular Economy

The Company is committed to building a resource recycling system throughout the entire product lifecycle, strictly adhering to the principles of reduction, reuse, and resource utilisation. Under the guidance of national policies and standards such as the Opinions on Further Strengthening Plastic Pollution Control, the Action Plan for Promoting the use of Recycled Materials, and the Guidelines for Take-back of Waste Plastics, the Company promotes the application of recycled materials and continuously improve resource utilisation efficiency.

Governance

The Company has established a full-chain circular economy management system covering green design, recycling and treatment, cleaner production, and high-value application. The Strategy and Sustainability Committee of the Board of Directors serves as the decision-making body for circular economy management, while the ESG working group acts as the overall coordination department to promote cross-departmental collaboration. Kingfa Environmental is specifically responsible for implementing circular economy targets, ensuring that strategic planning is effectively translated into practical results.

Circular Economy Management Structure and Responsibilities of the Company

Strategy and Sustainability Committee of the Board of Directors

Decision-making level

- Be responsible for reviewing the medium- and long-term strategic plan and annual targets for the circular economy
- Make decisions on and approve major circular economy investment projects and key performance indicators

ESG working group

Coordinating department

- Promote relevant functions, including R&D, procurement, production, equipment, and logistics, to implement circular economy requirements at all stages such as product design, raw material procurement, and manufacturing, clarify the specific responsibilities of each department under circular economy targets, and establish a cross-departmental collaborative advancement mechanism

Kingfa Environmental

Executing body

- Be responsible for implementing circular economy targets and ensuring that strategic plans are effectively translated into practical results

The Company has established an internal regular reporting system and an external information disclosure mechanism, used digital technology to achieve data traceability, implemented internal monitoring covering the entire process, and incorporated circular economy indicators into the performance appraisal system of relevant departments.

Strategy

The Company actively identifies global trends in ending plastic pollution, as well as market opportunities for promoting the application of recycled materials both domestically and internationally. The Company adheres to a circular economy development approach that advances both internally and externally, supported by a mature product certification system and carbon emission reduction capabilities, and promote the large-scale application of high-performance environmentally friendly recycled plastics in key sectors such as automotive, electronics and electrical appliances, and packaging, thereby supporting the green transition of the industrial chain.

Analysis of Circular Economy Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Policy risk	The EU Carbon Border Adjustment Mechanism (CBAM) proposes to bring plastic products within its regulatory scope, and more than 120 countries and regions worldwide have successively introduced plastic-related regulations or plastic taxes. If the recycled material content of the Company's exported products fails to meet the market access requirements of target markets, the Company will face the risks of increased tariff costs, restricted market access, and loss of international customers.	Short and medium term	Increased compliance costs and reduced operating revenue
Market opportunity	The national Action Plan for Promoting the Use of Recycled Materials clearly promotes the application of recycled materials in automobiles, electronics and electrical appliances, batteries, textiles, packaging and other fields, and is supported by incentive policies. The Company has been deeply engaged in the circular economy for many years, with mature technical, management and certification systems, enabling the Company to respond rapidly to downstream customers' low-carbon transition needs and seize the development opportunities in the green track. International regulations have put forward requirements. For example, the implementation of EU policies and regulations such as PPWR, ELVR and the CBAM has brought clear opportunities to the recycled plastics industry. Global mandatory requirements on the proportion of recycled plastic content have further widened the rigid demand gap for recycled plastics; local food-grade recycled material production capacity in Europe and the United States is severely insufficient, and the supply gap continues to expand. Enterprises with FDA/EFSA food contact certification and GRS certification qualifications can directly enter the core supply chains of the world's leading brands and obtain significant premiums. At the same time, the 60%-80% carbon emission reduction advantage of recycled materials compared with virgin plastics can effectively avoid CBAM costs, while RCEP and the Belt and Road initiative have further opened up opportunities for capacity and technology expansion into the Asia-Pacific and emerging markets.	Short, medium, and long term	Increased operating revenue

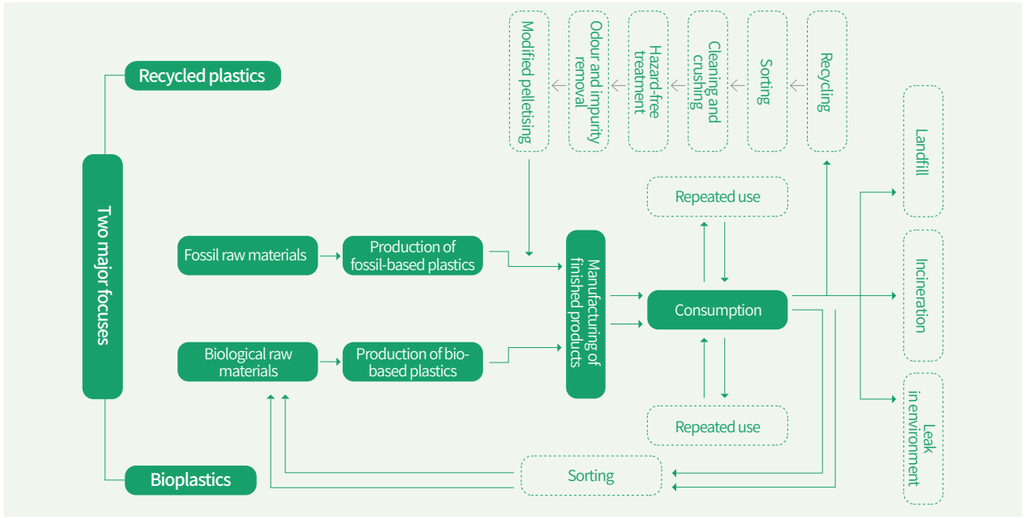
Impact, Risk and Opportunity Management

The Company has established a closed-loop system for resource recycling and regeneration from the production end to the consumption end. Externally, the Company proactively strengthens cooperation with external parties and, leveraging technological innovation in the recycling of waste plastics, works closely with all partners to jointly build a recycling system for waste plastics; internally, the Company actively establishes a circulation mechanism for resources used in production to realise the resource-based reuse of wastewater, waste gas, waste and leftover materials.

External Circular Cooperation

Since 2004, the Company has been deeply engaged in the high-quality utilisation of waste plastic recycling, and has gradually established a complete closed-loop technological system covering the entire process from intelligent identification of waste plastics, automatic sorting, green cleaning, quality and lifespan grading, cascade regeneration to high-quality application. On this basis, the Company has innovatively proposed the integrated and comprehensive solution of "making the best use of plastics", enhancing the recycling rate of plastic products through efficient recycling mechanisms, converting waste plastics into new products or high-value resources, and promoting the high-quality application of recycled materials. The Company's environmentally friendly recycled plastics have been widely used in industries such as packaging, automobiles, IT electronics, electrical appliances, home furnishing, electrical, power tools, construction, energy, express delivery, and others, providing strong support for the green, low-carbon, circular transformation of the entire plastics industry chain.

Integrated and Comprehensive Solution of "Making the Best Use of Plastics" of the Company



The Company has built three production bases of recycled plastics, including Qingyuan Base, Pizhou Base and Cuenca Base, which are situated in Guangdong, Jiangsu, and Spain respectively. The Company has built factories with a total area of 0.31 million square metres, seven production workshops of high-performance recycled modified plastics, more than 70 highly standard production lines, and seven production workshops for pretreatment of waste plastics, with a high-quality treatment capacity of 150,000 tonnes of various waste plastics and an annual production capacity of more than 500,000 tonnes of recycled plastics. The Company has created a refined recycling system, developed more than 500 suppliers of high-quality recycled plastics, built more than 60 resource recycling outlets, and constructed a multi-scenario and multi-channel plastic waste recycling network for industries, agriculture, life, oceans, and other scenarios.

Case **Closed-loop Recycling System for Household Appliances and Automotive Materials**

The Company entered into a strategic partnership with leading domestic end-of-life vehicle/household appliance dismantling enterprises to jointly build a full-chain recycling solution covering end-of-life household appliances and vehicles, refined dismantling, intelligent sorting, and high-quality regeneration, with annual processing of more than 20,000 tonnes of end-of-life materials. The project established a full-process digital traceability system and introduced AI visual recognition and high-temperature friction-based physical cleaning technologies, achieving an impurity removal rate of 99.2%. The recycled materials were reapplied in the manufacturing of automotive interior and exterior parts and household appliance casings, forming a complete closed-loop cycle.

Case **Intelligent Sorting Technology Empowered the High-quality Utilisation of Industrial Waste**

The Company explored the application of efficient material sorting technology in the treatment of industrial plastic waste. Through simulation experiments and enterprise field tests, the Company demonstrated the feasibility of achieving precise material identification based on the material's "spectral fingerprint", providing practical reference for enterprises to address the pain points of low efficiency in manual waste sorting and insufficient resource utilisation value, and supporting the green transition of the industry.

Internal Recycling

On the basis of actively expanding external circular economy collaboration, the Company continues to strengthen the development of its internal resource recycling system. Through the innovative application of advanced technologies and processes, the Company carries out efficient resource recovery and reuse of wastewater, waste gas, waste, and leftover materials generated throughout the entire production process, transforming potential environmental burdens into reusable resources, effectively improving resource utilisation efficiency, and minimising the environmental impact of production and operations.

In terms of packaging material management, the Company has formulated the Bag Management Standards, and has reduced resource consumption and waste through measures such as optimising packaging material design, reducing unnecessary packaging layers and material usage, and implementing recycling.

Case **Secondary Utilisation of Waste Packaging by Kingfa (Vietnam)**

In response to the local lack of processing technology in Vietnam for large packaging and paper-plastic bags, and the predicament that waste packaging can only be disposed of as hazardous waste, Kingfa (Vietnam) actively explored internal secondary utilisation pathways to realise the resource utilisation of waste packaging. Specific measures included:

- Used large packaging for waste raw materials for the transfer of production waste and packaging after crushing, replacing the use of new packaging.
- Flipped used small raw material packaging inside out to collect floor materials generated during production, replacing white woven bags.
- Used old raw material packaging to collect materials such as injection moulding waste and extracted powder.

Through the above measures, Kingfa (Vietnam) effectively extended the service life of waste packaging, reduced the consumption of new packaging and the amount of hazardous waste generated, and achieved the circular use of resources.


Secondary Use of Waste Packaging

Indicators and Targets

The Company has established quantitative targets that "produce 1 million tonnes of green plastics, recycle 1 million tonnes of waste plastics, and produce 1 million tonnes of recycled plastics by 2030". The Company regularly tracks and assesses progress towards these targets, dynamically optimise resource allocation and implementation pathways, and ensure the achievement of the targets by 2030. In 2025, the Company regularly compiled annual data for the three major indicators and steadily advanced each target. For specific data, please refer to "Progress on 2025 Strategic 'Carbon' Target of the Company".

Pollutant Discharge

The Company strictly complies with laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution. The Company has formulated internal management systems such as the Operation Management System for Pollution Prevention and Control Facilities and the Responsibility System for Environmental Pollution Prevention and Control. Leveraging the Company's environmental management structure (see the section "Environmental Compliance Management" for details), the Company has established a sound pollutant discharge governance system and actively implemented pollutant prevention and control measures.

The main pollutants discharged by the Company include wastewater and waste gas generated during the production process. The Company continuously improves its management mechanisms for pollutant discharge monitoring and regular inspections, and regularly engage third-party organisations to inspect pollutant treatment facilities and discharge conditions, ensuring that the discharge and disposal of various pollutants strictly comply with the local discharge standards.

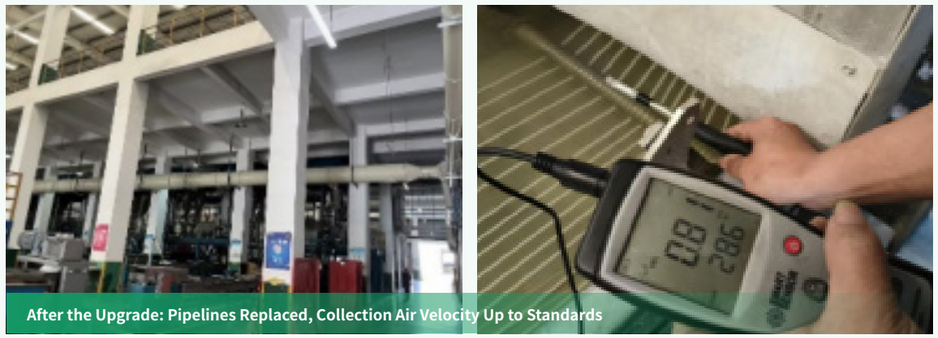
Major Pollutants and Treatment Measures of the Company

	Wastewater	Waste gas
Generation process	• Wastewater from the R&D process: Wastewater from the cleaning of experimental apparatus and machinery • Production wastewater from the modified plastics sector: Circulating cooling water • Production wastewater from the healthcare and new materials sectors: Process wastewater, spraying wastewater • Production wastewater from the green petrochemical sector: Circulating water station renewal drainage, gas stripping tank scrubber wastewater, catalyst separator process wastewater • Domestic sewage	• Modified plastics melt extrusion
Discharge standards	• Integrated Wastewater Discharge Standard (GB 8978-1996), Emission Standard of Pollutants for Synthetic Resin Industry	• Emission Limits of Air Pollutants, Integrated Emission Standard of Volatile Organic Compounds for Stationary Pollution Source, Emission Standards for Odour Pollutants, Emission Standard of Pollutants for Synthetic Resin Industry
Main control indicators	• BOD, COD, suspended solids, ammonia nitrogen, total phosphorus, etc.	• Particulate matter, non-methane total hydrocarbons, nitrogen oxides, sulphur oxides, volatile organic compounds, etc.
Main treatment measures	• Add wastewater pre-treatment facilities, treat production wastewater to discharge standards via the park's wastewater treatment facilities, discharge qualified effluent into the sewage pipeline network and deliver it to the sewage station for further treatment; • Maintain the wastewater treatment facilities daily, and regularly inspect and maintain the sewage pipeline network.	• Make full and effective use of waste gas collection and purification facilities for collection and treatment; • Complete daily inspection records, conduct proper inspections of gas leakage monitors, and carry out replacement and operational processes in accordance with the SOP.

The Company is committed to reducing pollutant discharge and managing pollutants in a harmless manner. At our major production bases and subsidiaries, the Company actively carries out equipment retrofit and upgrading projects to unlock the potential for pollutant discharge reduction.

Case **Kingfa Environmental Implemented a Comprehensive Upgrade in a Workshop to Ensure Compliance with Environmental Standards**

In response to issues in the waste gas collection system of a workshop, such as multiple pipe bends, high wind resistance, and the tendency of oil contamination and dust to cause blockages, Kingfa Environmental carried out a comprehensive upgrade, including recalculating air volume and replacing pipelines; adding a primary filtration system to reduce the risk of blockage; redesigning the gas collection hood by adopting an enclosing structure with front and rear adjustability to address problems such as large gaps during machine replacement, crosswind interference, and fugitive emissions; and replacing the 55 KW fan to increase air volume. After the upgrade, the controlled air velocity increased to above 0.5 m/s, effectively ensuring the efficient operation of the workshop's environmental protection facilities and meeting increasingly stringent environmental requirements.



After the Upgrade: Pipelines Replaced, Collection Air Velocity Up to Standards

Aerial photograph of Ningbo Kingfa

Case **Guangdong Kingfa Promoted the Use of Spraying Devices to Reduce Environmental Impacts on Residents**

The prevailing wind direction in the area where Guangdong Kingfa's factory is located is north-easterly, and pollutants are likely to accumulate and diffuse poorly under adverse meteorological conditions. In response, Guangdong Kingfa adopted two measures: First, under adverse meteorological conditions, workshop doors and windows were kept strictly closed, and spraying intensity at emission outlets was increased to promote the settlement of pollutants within the factory area and reduce the scope of diffusion; second, spraying devices were installed at the eastern emission outlets to effectively reduce exhaust gas temperature and odour, thereby lessening the impact on nearby residents. At present, these devices have been fully promoted and used in the plastic pelletising workshop.

After the Upgrade: Spraying Devices at Emission Outlets

The Company has set a pollutant discharge reduction target that "compared with 2022, the emissions of air pollutants (VOCs, PM, SO_2, NO_x) per RMB 10,000 revenue generated during the production process will be reduced by more than 30% by 2030", and regularly monitors progress towards the target to ensure its achievement. During the reporting period, the Company was not subject to any major administrative penalties or criminal liability due to pollutant discharge.

2025 Pollutant Discharge Performance of the Company

- In 2025, the air pollutant emission intensity (VOCs, PM, SO_2, NO_x) from the Company's production process was **6,000** cubic metres per RMB 10,000 revenue.
- In December 2025, Ningbo Kingfa was rated as a Class **A** enterprise for air pollution prevention and control performance.
- Chengdu Kingfa obtained the "Leading" qualification in the emergency production curtailment performance assessment during heavy pollution weather, and received the highest rating of "Environmentally Honest Enterprise" in the annual corporate environmental credit evaluation.

Chemical Safety

The Company strictly complies with the Law of the People's Republic of China on the Safety of Hazardous Chemicals and the Regulation on the Safety Management of Hazardous Chemicals and other laws and regulations, making every effort to reduce the risk of chemical accidents, effectively avoid environmental damage, and safeguard personnel health and production safety.

Governance

The Company has established a chemical safety management structure under the unified management of the Work Safety Committee of the Group, with coordination among all departments at each base, and formulated the Safety Management System for Hazardous Chemicals and the Chemical Emergency Preparedness and Response Plan, setting out clear requirements for the safety management of hazardous chemicals and toxic substances throughout their full lifecycle, including procurement, transportation, storage, use, and disposal. At the same time, the Company has incorporated hazardous chemical safety management performance into the assessment system for relevant positions and, through target breakdown, process supervision, and application of results, promoted the implementation of management responsibilities at every level, ensuring the effective execution of all control requirements.

Chemical Safety Management Structure and Responsibilities of the Company

Work Safety Committee of the Group
Be responsible for formulating the Group's management systems for hazardous chemicals and supervising system implementation

All departments at each site

Safety management department

- Be responsible for organising the formulation (revision) and implementation of the safety management regulations for hazardous chemicals, precursor chemicals/explosive precursor chemicals/highly toxic chemicals, and other chemicals at this base.
- Be responsible for the filing, registration, supervision and inspection of hazardous chemicals; make sure the flow information of highly toxic, explosive precursor, and precursor chemicals is filed with the public security and narcotics control authorities within the prescribed timeframe.
- Supervise and review the qualifications of suppliers of hazardous chemicals, precursor chemicals/explosive precursor chemicals/highly toxic chemicals, and the qualifications for chemical procurement.
- Organise chemical safety training and emergency drills.
- Be responsible for the disposal of hazardous chemicals, the warehousing, transfer and government reporting of hazardous waste.

Procurement department

- Sign safety and environmental protection agreements with suppliers to clarify the responsibilities of both parties in the procurement, transportation, storage, and use of chemicals.
- Review suppliers' qualifications for the production and operation of hazardous chemicals, precursor chemicals/explosive precursor chemicals/highly toxic chemicals (including transport providers).
- Procure qualified hazardous chemicals and chemicals of compliant quality from qualified suppliers, and obtain SDS and safety labels.
- Conduct procurement from suppliers qualified for hazardous waste disposal, sign contracts with them and clearly define the responsibilities of both parties.

Planning and warehousing department

- Be responsible for safety control and management during the transportation and warehousing of hazardous chemicals.
- Classify and store hazardous chemicals, and implement the "five two-person management measures" (two-person receipt and dispatch, two-person bookkeeping, two-person double-locking, two-person transport, and two-person use).
- Regularly inspect the storage environment (temperature and humidity, fire-fighting facilities, etc.) and emergency facilities in the warehouse, such as fire-fighting and ventilation facilities, and remain prepared for emergency response at all times.

Departments related to production and operations

- Regularly organise personnel to conduct safety training on the use of chemicals and emergency drills.
- Formulate operating procedures and implement personal protection.
- Manage the use of hazardous chemicals and the requisition ledger, and implement "first in, first out".
- Store waste chemicals temporarily in accordance with regulations, and place them into storage promptly.

Strategy

The Company identifies compliance and procurement risks related to chemical safety management. By establishing a full-lifecycle chemical safety management system and implementing toxic substance management, the Company systematically improves the level of chemical safety and minimise or avoid, as far as possible, the impacts arising from related risks.

Analysis of Chemical Safety Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Compliance risk	In accordance with the Regulation on the Safety Management of Hazardous Chemicals, and in conjunction with the forthcoming Law on the Safety of Hazardous Chemicals (Draft for Comments), the State implements the "five two-person control measures". If the Company fails to manage hazardous chemicals in accordance with regulatory requirements, it will face penalties including fines, revocation of permits, and even a lifetime ban from the industry.	Short and medium term	Increased compliance costs and reduced operating revenue
Procurement risk	If suppliers fail to provide, or provide false/incomplete/ outdated Material Safety Data Sheets (MSDS), in particular, for unknown impurities in new additives and recycled materials, the Company is unable to identify the actual hazards, resulting in the complete failure of subsequent storage, use, and emergency response measures, and triggering chain accidents.	Short, medium, and long term	Increased operating costs

Impact, Risk and Opportunity Management

The Company has formulated chemical safety risk management processes. Through a closed-loop mechanism comprising chemical information verification, hazard identification and assessment, risk classification and control, emergency response drills, and post-assessment of management effectiveness, the Company systematically prevents safety risks arising from missing information or control failures, ensuring that chemicals remain in a controllable state throughout their full lifecycle.

Chemical Safety Risk Management Processes of the Company

Comprehensive Data Collection

In accordance with relevant laws, regulations, codes, and industry standards on chemical safety management, conduct a comprehensive identification of the Company's use of chemicals, develop a comprehensive chemical inventory, compile detailed statistics on information such as the stock levels, categories, and storage locations of various hazardous chemicals, and establish an information database for hazardous chemicals.

Risk Identification and Analysis

Regularly organise personnel to conduct special inspections of hazardous chemicals warehouses and laboratories, and follow up on the implementation of rectification measures. At the same time, in light of the surrounding environment and operating procedures, identify potential hazardous factors in each position within the area and assess them using a combination of qualitative and quantitative methods.

Review of Safety Facilities and Management Measures

Inspect the provision of safety facilities at hazardous chemicals storage and use sites, and regularly inspect the operation of such facilities. At the same time, inspect the implementation of safety management systems, such as personnel training, compliance with operating procedures, and emergency response drills.

The Company has established a safety management system covering the entire lifecycle of chemicals, and has implemented closed-loop control throughout the whole process across six key stages, namely procurement, transportation, storage, use, emergency response, and waste disposal. Through source access control, standardised operation during the process, compliant end-of-pipe disposal, and emergency capability building, the Company systematically prevents chemical safety risks, ensuring that every stage from entry into the factory to exit from the factory remains under control, and effectively safeguarding personnel safety and stable production.

Chemical Safety Management Measures of the Company

Procurement

- Strictly control the safety of hazardous chemicals at the source, procure hazardous chemicals from qualified suppliers, and require suppliers to provide the corresponding safety data sheets. For the purchased highly toxic, precursor, and explosive precursor hazardous chemicals, proactively file with the public security authorities in accordance with regulations and fulfil the responsibilities incumbent on the enterprise.

Transportation

- Require hazardous chemicals suppliers to entrust enterprises that have obtained qualifications for the road transport operation of dangerous goods to carry hazardous chemicals. For hazardous chemicals transport vehicles entering the Company, exercise strict control and inspection; when entering or leaving storage and usage sites for flammable and explosive hazardous chemicals, require vehicles and transport personnel to implement relevant fire prevention and explosion prevention measures, and to be equipped with sufficient and effective emergency response equipment and facilities, as well as personal protective equipment.
- During the internal handling of hazardous chemicals, make sure that each department has formulated safe operating procedures for the handling of hazardous chemicals in light of their characteristics, and educated and supervised employees to handle such chemicals in a standardised manner.

Storage

- Make sure that the storage of hazardous chemicals strictly complies with the requirements of relevant regulations and standards such as the General Rules for the Hazardous Chemicals Warehouse Storage, store hazardous chemicals all in hazardous chemicals warehouses that have been approved for construction and comply with national standards, and store hazardous chemicals by zone, by category, and in separate warehouses according to the characteristics of the hazardous chemicals.
- Make sure that hazardous chemicals warehouses are managed by designated personnel with the corresponding professional knowledge and safety skills, and are equipped with reliable personal safety protective equipment.
- Within the storage warehouse, provide corresponding safety facilities and equipment according to the categories and characteristics of hazardous chemicals, ensuring the safe storage of hazardous chemicals at all times.

Usage

- Establish a stringent management system for the requisition of hazardous chemicals and make sure that relevant personnel involved in procurement, warehousing management, safety management, and use operations have all attended relevant training in accordance with national requirements and obtained qualification certificates. Establish comprehensive registration records for the requisition and use of hazardous chemicals, and conduct regular inventory checks.
- Provide personal protective equipment that complies with national standards and strictly require employees to wear corresponding protective equipment during hazardous chemical operations, and conduct regular safety inspections, practical training, and emergency drills.

Emergency response

- Establish the Emergency Plan for Production Safety Incidents, formulate reasonable, comprehensive and effective emergency plans for hazardous chemicals, and organise no fewer than one practical drill and training session each year in accordance with national requirements.

Waste disposal

- In accordance with relevant national and local laws and industry standards, formulate the Management Procedures for Four Types of Waste, and make sure that hazardous chemical residues and other waste generated during the production process are collected and temporarily stored by category in accordance with the Company's and national waste management documents and standards, and are transferred to qualified third parties for disposal.
- Conduct whole-process risk identification and closed-loop risk management for the compliant disposal of waste, achieving traceability and query ability of industrial solid waste and ensuring the compliant disposal of hazardous chemical residues.

Case **Zhuhai Vanteque Specialty Engineering Plastics Carried out Safety Management Enhancement Activities for High-risk Chemicals**

To strengthen the safety control of high-risk chemicals, Zhuhai Vanteque Specialty Engineering Plastics conducted special reviews and upgrades of storage conditions for key materials such as toluene.

In terms of hardware, in accordance with the Regulation on the Administration of Precursor Chemicals and chemical safety data sheets, compliance audits were conducted on Class A warehouses to ensure that facilities such as the dual-person dual-lock system, electronic monitoring, and inert gas protection were all effectively put into operation; in terms of management, separate ledgers were established for storage, requisition, and disposal to achieve full-process traceability. At the same time, special training sessions and emergency response drills were organised, covering material hazards, regulatory requirements, and leak handling, among other topics, with a 100% pass rate in assessments for warehousing, operational, and management personnel.

Through systematic upgrades, Zhuhai Vanteque Specialty Engineering Plastics effectively improved its safety management standards for high-risk chemicals. No related safety incidents occurred throughout the year, and it was well prepared to respond to stricter regulatory supervision.

In terms of hazardous substance control, the Company conducts hazardous substance assessments for its own products and has formulated the Technical Standards for the Control of Hazardous Substances, clarifying the list of prohibited substances in raw materials, continuously and dynamically updating control requirements, and simultaneously formulating reduction and control plans to ensure strict implementation in both internal production and external procurement processes. In the internal production process, the Company implements closed-loop management throughout the entire process, including random inspection of incoming raw materials, real-time monitoring of the production process, and stringent testing of finished products, to ensure that products leaving the factory comply with international regulations and customer requirements; in supplier access and assessment, the Company conducts special inspections of prohibited substances. Suppliers that fail to meet the standards are required to complete rectification and undergo re-audit within one month. If rectification still fails to meet the standards, new suppliers will not be introduced, and unqualified suppliers will be directly eliminated. During the reporting period, the Company and three of its subsidiaries passed the QC 080000 Hazardous Substance Process Management certification.

2025 New Hazardous Substance Control List of the Company

Control Level	List of Substances	Control Method
Level I	Substances controlled under RoHS, TSCA, and POP regulations, as well as 6-[(C10-C13)-alkyl-(branched, unsaturated)-2, 5-dioxopyrrolidin-1-yl] hexanoic acid, triphenyl phosphorothionate, octamethyltrisiloxane, perfluamine, reaction mass of triphenyl thiophosphate and tertiary butylated phenyl derivatives, tris (4-nonylphenyl, branched) phosphite, decamethylcyclopentasiloxane (D5), dodecamethylcyclohexasiloxane (D6), octamethylcyclotetrasiloxane (D4), Reactive Brown 51, etc.	Ban their use in the products immediately, and intentional addition is prohibited for any items. The content of all product compositions must meet the control requirements or special customer requirements, except those that comply with the exemption items and can be exempted.
Level II	PFAS	Prohibit their use after the specified date and, to use them in the manufacturing process, consider and draft a mitigation and gradual replacement plan.
Level III	Triphenyl phosphate, resorcinol, decabromodiphenyl ethane, antimony trioxide, halogens	Monitor substances deemed potentially harmful to human health without current usage bans in accordance with customer requirements, and allow automatic classification as Level II controlled substances upon the issuance of new regulations.

Indicators and Targets

The Company has established annual quantitative targets for chemical safety management, and ensured the effective implementation of various control objectives through regular tracking and assessment.

2025 Chemical Safety Targets and Progress of the Company

Indicator	Target	Achievement Status in 2025
Number of chemical accidents	No general chemical accidents of Level I	0, achieved
Full lifecycle compliance in the procurement, storage, use, and disposal of hazardous chemicals and controlled chemicals	100%	100%, achieved

Ecosystem and Biodiversity Protection

The Company attaches great importance to the impact of its activities on ecosystems and biodiversity. In accordance with the Law of the People's Republic of China on Environmental Impact Assessment, the Regulations of the People's Republic of China on Wild Plants Protection and the Opinions on Further Strengthening Biodiversity Protection of the General Office of the State Council, among other relevant laws and regulations, the Company ensures that the production and operational activities do not harm ecosystems or biodiversity. During the reporting period, none of the Company's operating locations were situated within ecological conservation red lines, nor did they affect nature reserves, important habitats, or the distribution areas of rare and endangered species.

On the basis of ensuring compliant operations, the Company leveraged its technological expertise in the field of bio-based and biodegradable materials to actively explore and contribute the Company's solutions to ecosystem protection and restoration through material innovation.

Direction in Ecosystem and Biodiversity Protection of the Company

Material Type	Core Mechanism	Ecological Protection Role	Typical Applications
Bio-based materials (such as bio-based PBAT, PBS, PLA)	Such materials are sourced from renewable biomass, replacing fossil resources	Indirectly reduce habitat destruction and biodiversity loss caused by fossil resource extraction	Bio-based plastics, packaging materials
Biodegradable materials (mulch films, shopping bags, fishing nets, etc.)	After use, under specific environmental conditions, such materials can be enzymatically decomposed by microorganisms into water, carbon dioxide, and biomass	Systematically cut off the pathways by which persistent pollutants, particularly microplastics, enter the natural environment, preventing the formation of long-term environmental residues	Degradable mulch film, degradable shopping bags, marine-degradable fishing nets

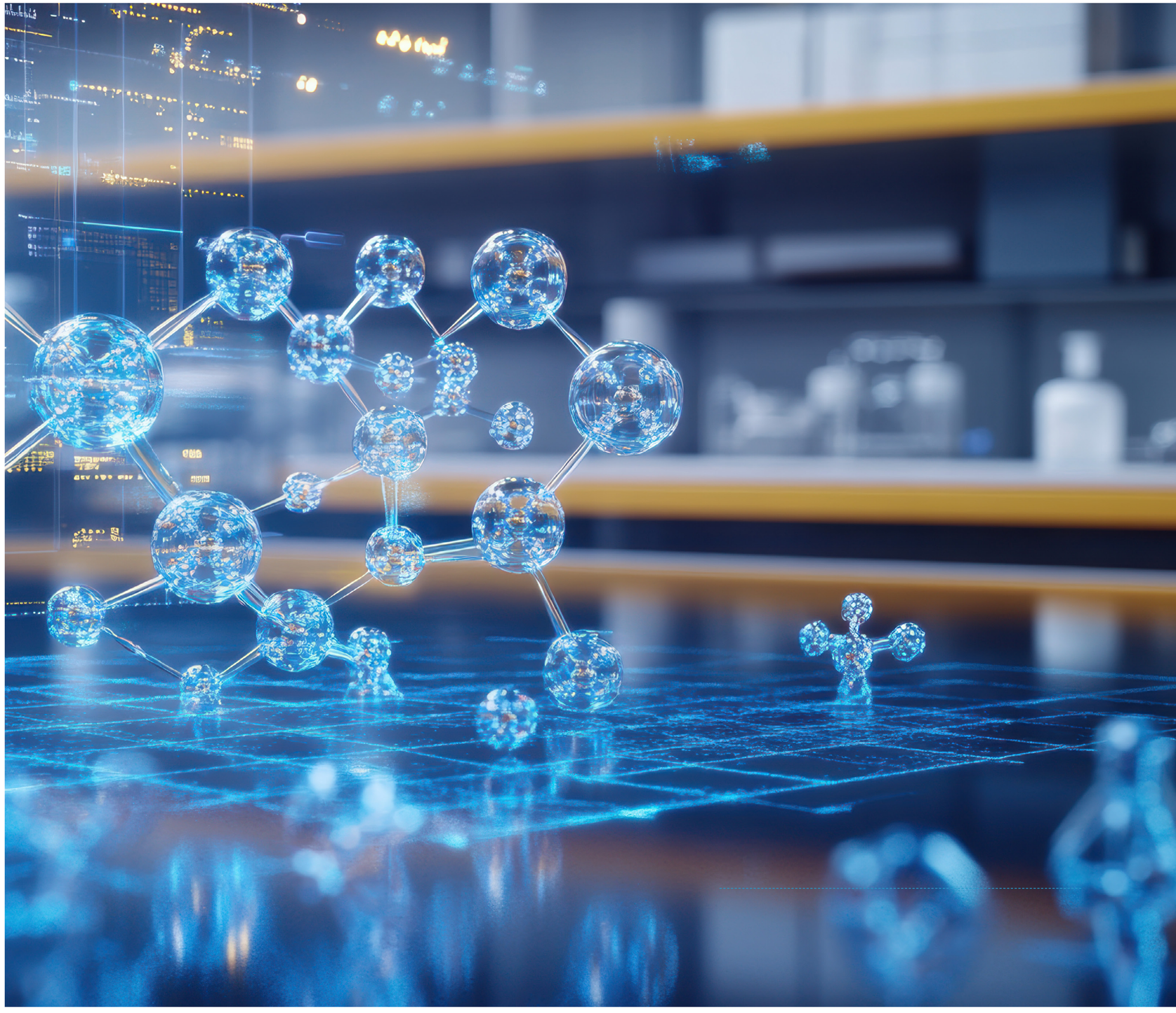
Promoting Innovation to Drive Social Progress

The Company adheres to innovation-driven development, accelerates the digital transformation of R&D, and injects strong momentum into the transformation and upgrading of the industrial chain through technological breakthroughs. The Company has preliminarily established an efficient and coordinated global operating network, and has worked with supply chain partners to build a sustainable development ecosystem, striving to grow together with partners, share achievements, provide high-quality new materials for the society, and create a wonderful life, so as to become a worldwide leader in new materials, providing support for national strategic materials.

Highlight performance:

- R&D investment: RMB **2,761,132,700**
- China Patent Excellence Awards: **3**
- Valid invention patents as of the end of the reporting period: **2,886**
- Handling rate for complaints received regarding products and services: **100%**
- Sustainable procurement training coverage for purchasing specialists: **100%**

SDGs benchmarking:



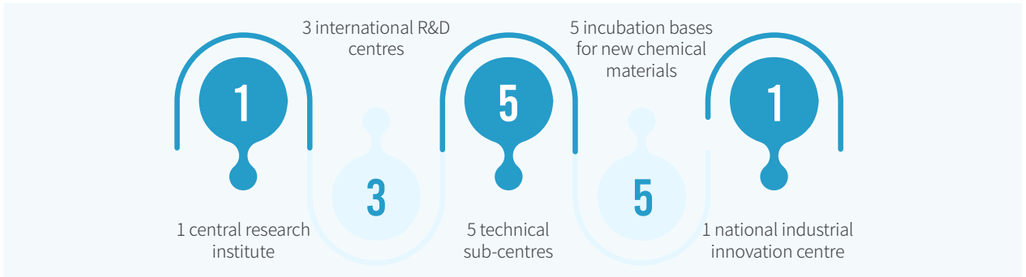
Innovation-driven

The Company, as the world's largest modified plastics manufacturer with the most comprehensive product portfolio, has four major business sectors, namely modified plastics, new materials, green petrochemicals, and healthcare. Its products are widely used in industries such as automobiles, household appliances, electronics, electrical engineering, communication electronics, new infrastructure, new energies, modern agriculture, modern logistics, rail transit, aerospace, high-end equipment, and healthcare. The Company has always upheld the innovation vision of "independent innovation, technology leadership, and global collaboration", kept firmly in mind the innovation mission to "grow together with partners, share achievements, provide high-quality new materials for the society, and create a wonderful life", taken "being innovation-driven" as the focus of high-quality sustainable development, and committed itself to becoming a worldwide leader in new materials, providing support for national strategic materials.

Governance

The Company complies with laws and regulations such as the Law of the People's Republic of China on Progress of Science and Technology, has formulated internal management systems such as the Management Measures for Scientific Research Work, and continuously enhances the global collaborative efficiency of the "13551" R&D system, ensuring the high-quality operation of four national-level innovation platforms, promoting localised R&D breakthroughs in three international R&D centres, stimulating the innovation vitality of five domestic technical sub-centres and five incubation bases for new chemical materials, forming an innovation network featuring internal-external linkage and efficient collaboration, and achieving compliant and efficient R&D activities with a continuous emergence of innovative outcomes.

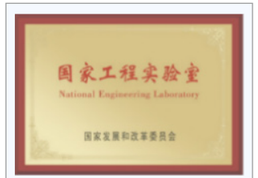
"13551" R&D System



Four National-level Innovation Platforms

National Enterprise Technology Centre

In December 2003, the Company's technology centre was recognised by the National Development and Reform Commission, the Ministry of Finance and other authorities as the first national-level enterprise technology centre in the industry.



National Engineering Laboratory

In November 2008, the Company obtained approval from the National Development and Reform Commission to establish a National Engineering Laboratory, becoming the first national engineering laboratory in China's advanced polymer materials industry.

National Key Laboratory

In August 2015, the Company obtained approval from the Ministry of Science and Technology to establish a National Key Laboratory, becoming the first national key laboratory in China's advanced polymer materials industry.

National Industrial Innovation Centre of Advanced Polymer Materials

In May 2017, the Company obtained approval from the National Development and Reform Commission to establish the National Industrial Innovation Centre of Advanced Polymer Materials.

Strategy

The Company uses technological innovation as a value link, continuously strengthening efforts across the four major sectors of modified plastics, new materials, green petrochemicals, and healthcare, empowers industrial chain collaboration through technological innovation, and provides sustained momentum for the Company's development.

Analysis of Innovation-driven Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Intellectual property risk	Improper intellectual property management may cause new products to become involved in disputes over unclear intellectual property ownership or infringement, resulting in direct economic losses and damaging brand reputation.	Medium and long term	Reduced operating revenue
Market opportunity	The Company seizes opportunities in new energies, AI computing power, robotics and the low-altitude economy. Market demand for environment-friendly high-performance recycled plastics, special engineering plastics, carbon fibre materials and other materials continues to rise, and the market for materials related to high-speed connectors and storage modules is expected to exceed the RMB 10 billion level. There is an urgent demand for high-strength materials for components such as robot joints, skeletons and casings. Leveraging a range of high-performance materials, including LCP, PEEK, PPA and high-performance fibre-reinforced composites, as well as integrated lightweight material solutions, the Company meets customers' complex requirements for products demanding lightweight, high-temperature-resistant and environmentally friendly materials. The Company's innovation achievements have gained industry recognition, and relevant innovative products have already been supplied in volume to leading global customers, with broad future market prospects.	Short, medium, and long term	Increased operating revenue

To better prevent risks and seize development opportunities, the Company advances its innovation strategy and implements a talent strategy, capital strategy, brand strategy, and an intellectual property strategy integrating standards and patents. The Company has also established special R&D teams in sectors such as new energies, AI, embodied robotics, and the low-altitude economy, and collaborated with upstream and downstream partners to undertake core technology research, building a full-process material system covering thermoforming, blow moulding, extrusion, and injection moulding. The Company provides integrated solutions ranging from the design and development of new material products to large-scale industrial production, helping downstream customers enter the market rapidly and supporting innovative, coordinated, green, open, and shared economic and social development.

Impact, Risk and Opportunity Management

The Company has established scientific research and intellectual property management processes and, by continuously improving the innovation management mechanisms, building high-level R&D and innovation platforms, and standardising intellectual property management, has better responded to impacts, risks, and opportunities related to technological innovation.

Innovation Management Mechanisms

The Company has established four major innovation management mechanisms covering investment in innovative R&D, the development of scientific research platforms, the cultivation and incentive of innovative talent, and the fostering of an innovation culture, thereby forming a technology innovation management chain covering funding assurance, platform support, talent incentives, and atmosphere building, and providing systematic support for technological breakthroughs and the commercialisation of achievements.

Innovation Management Mechanisms of the Company

Sustained high-growth R&D investment mechanism

- Continue to increase investment in R&D, maintain growth in R&D expenditure, and keep the proportion of R&D investment to revenue from principal operations at a relatively high level.
- Prioritise ensuring the intensity of investment in core sectors such as modified plastics, special engineering plastics, and biodegradable plastics, while also establishing special funds to support research on core technologies, with a focus on overcoming a number of "bottleneck" technical challenges that have long constrained the development of the industry.
- Optimise the structure of R&D investment, moderately increase the proportion of investment in basic research and forward-looking technology reserves, and lay a solid foundation for medium- to long-term technological leadership.

Robust and effective scientific research platform development mechanism

- Aligned with the Company's medium- and long-term planning and scientific research plans, continuously invest in equipment, site resources and related supporting resources, introduce internationally advanced equipment, and establish the synthesis research platform, compounding and extrusion platform, analysis and testing platform, and application evaluation platform.

Scientific and effective talent training, management and incentive mechanisms

- Implement the talent development plan of "external introduction and internal training", vigorously advance the innovative leading talent initiative, and leverage national and local innovative leading talent programmes and other talent policies to attract and recruit talent.
- Enrich career development pathways for R&D personnel through independent professional title evaluation and appointment qualification mechanisms, and broaden the academic horizons of R&D personnel through quarterly academic exchange meetings, external academic conferences, and other means.

A corporate culture development mechanism that encourages innovation and tolerates failure

- Publicise the Company's values via publications such as Kingfa Science & Technology News, foster a corporate innovation culture that encourages innovation and tolerates failure, and create a pervasive innovation atmosphere in which innovation is present everywhere and in everything.

Case

Self-founded Journal Jumped to an Impact Factor of 12.0 and Was Selected into CAS Division Q1

In 2018, the Company established the English-language academic journal in the field of polymer science, Advanced Industrial and Engineering Polymer Research (AIEPR), building a bridge for dialogue between academia and industry in the form of a quarterly publication. Since its launch, the journal has been successively indexed by internationally authoritative databases such as ESCI, Ei, Scopus, CAS, and DOAJ. In 2025, its impact factor rose to 12.0, and it was selected for Q1 of the Chinese Academy of Sciences, marking the Company's continuously growing discourse power and influence in building the global polymer academic ecosystem.

R&D Innovation Achievements

Upholding "making independent innovations, taking the lead in technologies, and creating excellent products", the Company has been accumulating technologies and studying products. Progressively, the Company has built an R&D platform driven by technology, industry and product research. The Company continues to strengthen its efforts in four major sectors, namely modified plastics, new materials, green petrochemicals, and healthcare, and continue to advance breakthroughs in key core technologies and the commercialisation of major R&D project achievements.

R&D Innovation Achievements of the Company (Partial)

Modified plastics

- The Company's independently developed ultra-weather-resistant technology for outdoor high-colour-saturation, high-toughness, food-grade PP substantially improves the weather resistance of the material while meeting food-grade and high-colour-saturation requirements, greatly enhancing the material's competitiveness, and has been successfully applied in the outdoor equipment field.
- The Company's independently developed low-smoke PVC material reduces the smoke generation capacity of flexible PVC materials by more than 50% through the synthesis of a new type of highly efficient rare-earth metal compound smoke suppressant, and can be widely used in industries such as cables, building and construction materials, and electrical engineering.
- The Company's independently developed PPS material with a metallic texture combines high strength, delicate tactile feel, and magnetic attraction properties in one, and has been successfully applied in toys, household appliances and other fields; it gives toy products a premium tactile experience and smooth metallic texture, bringing a revolutionary innovative material solution to the metal alloy toy industry.
- The Company's independently developed arc-extinguishing material achieved an ultimate breaking capacity of 50kA/1500V and completed a 1,000-cycle electrical life test at 630A/750V (post-test withstand voltage of 3.0kV). It combines high-voltage arc extinguishing, temperature resistance, flame retardancy, and voltage resistance, representing the industry's only integrated solution, capable of meeting the needs of circuit breakers at different voltage levels, and is at the leading level in the industry.
- The Company made breakthroughs in the key technology for high-glow-wire PBT, with brominated GWIT ⩾ 850 °C and halogen-free GWIT ⩾ 775 °C , and obtained the world's first UL Yellow Card. The product can significantly improve electrical appliance safety and has gained broad recognition from the market and customers.
- The Company's independently developed key integrated innovative technology for full-spectrum photo-ageing and application-environment resistance of polycarbonate has been successfully transformed and applied in a series of products such as medical equipment housings, photovoltaic modules, protective covers for 5G communication base stations, and security monitoring housings, precisely addressing the core pain points in high-end application fields relating to photo-ageing lifespan and resistance to complex environments.
- The Company launched the world's first brominated antimony-free flame-retardant ABS product. The antimony-free design reduces the risk of environmental emissions of harmful heavy metal substances and leads a new development direction for environmentally friendly flame-retardant technology.
- The Company's independently developed environmentally friendly wood-plastic PP material solves the problem of poor appearance in wood-plastic materials while also offering good mechanical properties, breaking foreign monopolies.

Environment-friendly high-performance recycled plastics

- Through the Company's self-developed reactive extrusion chain extension technology and equipment, the Company carried out molecular chain regulation of polyester and polyamide PCR materials, and, through efficient high-precision filtration technology and equipment, realised the closed-loop bottle-to-bottle recycling application of recycled polyester and filament-grade application of recycled polyamide.
- For the first time, the Company applied dissolution recycling technology to the high-quality recycling and reuse of waste plastics, and used high-pressure flash evaporation separation technology to solve the challenge of efficient purification and separation of solvents and plastics. The Company built a hundred-tonne-scale waste plastics dissolution recycling demonstration unit, opening up a brand-new solution for the subsequent closed-loop, high-quality recycling of waste plastics.

Green petrochemicals

- The Company independently developed a series of transparent polypropylene products featuring excellent processability, high toughness, and low haze. These products offer excellent processability, high toughness, and low haze, meeting the performance requirements of the household goods, toys, food and other industries for transparent materials that are safe, environmentally friendly, and lightweight, and providing solutions to support the upgrading needs of related industries.
- The Company independently developed low-noise ABS, ABS specifically for building blocks, flame-retardant ABS, extrusion-grade ABS, blow-moulding-grade ABS, and food-grade ABS/SAN, achieving breakthroughs in the integrated wet-process ABS synthesis and modification production process.
- The Company independently developed low-odour emulsion-process heat-resistant ABS. The product features high heat resistance, high impact resistance, high rigidity, and low odour, overcoming the long-standing industry challenge of producing low-odour emulsion-process ABS.
- The Company independently developed high-performance modified materials specifically for the toy industry featuring high flowability, high toughness, and low emissions, meeting the toy industry's stringent requirements for safety, durability, and environmental protection. The product's emissions indicators have reached an industry-leading level, providing key material solutions for upgrading toy product performance.
- The Company independently developed ultra-transparent random copolymerisation/impact-resistant PP materials. The new product has a haze level below 2, with performance significantly superior to general transparent PP products on the market. At a thickness of 1 mm, its light transmission clarity can reach the level of transparent ABS, comparable to the industry's top metallocene products.
- The Company independently developed products with high rigidity and high heat resistance. While achieving rigidity equivalent to high-end materials in the industry, the heat deflection temperature of the products has been further increased by 3-5° C, giving them superior overall heat resistance performance.
- The Company broke through the full-chain technical barriers from polymerisation-grade norbornene (NB) to high-purity, high-performance cyclic olefin copolymer (COC), with product performance reaching the level of first-class overseas competing products.

Biodegradable plastics

- Leveraging the Company's self-built synthetic biotechnology R&D platform, the bio-based organic acid project achieved innovative breakthroughs, realising the cultivation of high-yield strains. The product portfolio continued to expand, meeting diversified downstream application needs, and the related technologies remained at the world-leading level. The bio-based BDO project overcame efficient catalytic conversion and targeted removal technologies for biomass impurities, achieved successful commissioning on the first attempt, and its product indicators reached the internationally leading level, realising full integration of the entire industrial chain from bio-based organic acids to bio-based BDO to bio-based polyesters, leading the industry's green upgrading.
- The self-developed halogen-free flame retardants successfully broke through key bottlenecks in synthesis technology, enabling high-efficiency, low-energy-consumption production. The industrialisation project with a capacity of 5,000 tonnes/year was smoothly put into operation, creating a series of products including high-performance, low-exudation, ultrafine powder and carrier-free granules, further broadening application scenarios and effectively meeting the market's diversified demand for high-end halogen-free flame retardants.
- The Company successfully launched bio-based resins with bio-based content ranging from 20% to 100% in multiple specifications for multiple scenarios, precisely responding to European market demand. The Company overcame the challenge of balancing comprehensive performance requirements in 10-micron ultra-thin fruit and vegetable bags, including heat-sealing performance, opening performance, mechanical performance and processing performance, leading the development of the flexible packaging industry.
- The Company independently developed high-strength, high-toughness PBS straw materials, resolving the difficulty of balancing the mechanical properties of materials across multiple temperature scenarios, and providing a high-performance solution for the green transformation of the catering industry.
- The Company optimised the weld-line strength and insertion-withdrawal resistance of PLA components, expanding the application of PLA materials in durable goods fields such as e-cigarettes and electric toothbrush handles, and driving the low-carbon transformation of the high-end consumer goods industry.

Special engineering plastics

- Bio-based high-temperature-resistant PA5T/X materials feature green and low-carbon characteristics, excellent electrical properties, resistance to baking-induced discolouration, lower silicone corrosion, and high-cost performance, and have been widely applied in new energy high-voltage connectors, consumer electronics connectors, acoustic electronic components, and other areas.
- The Company developed the third-generation polymerisation technology for LCP resin, achieved the industrialisation of ultra-high heat-resistant LCP, and innovatively applied it to components of the three-electric system of new energy vehicles.
- The Company achieved breakthroughs in key technologies for the industrialisation of hollow fibre membrane-grade PES, with performance reaching the level of equivalent foreign materials.
- Breakthroughs in efficient flame-retardant PPA technology led to the development of antimony-free, PFAS-FREE flame-retardant PPA, which offers advantages such as ultra-thin flame retardancy, high heat resistance, and colour stability, further enhancing product performance and cost competitiveness.
- The Company developed high-GWIT halogen-free flame-retardant PPA with gas-generating characteristics, which can meet the requirements of low-voltage electrical appliances for the arc-extinguishing performance of materials, helping downstream products achieve iterative upgrades.
- By making breakthroughs in interfacial and phase-state regulation technologies, PPA/aromatic Copolymers of cycloolefin alloy materials with excellent mechanical properties, heat resistance, dimensional stability, and dielectric properties have been developed, offering broad application prospects.

High-performance fibre-reinforced composite materials

- The Company's self-developed continuous carbon fibre-reinforced sandwich blade, features advantages of high specific stiffness and specific strength, and can effectively support the technological upgrading and iterative development of large-payload unmanned aerial vehicle platforms.
- The Company's self-developed continuous fibre-reinforced material solution is specifically for antenna radomes, achieving such functions as good appearance, easy processing, and low dielectric loss.
- The Company independently developed a variety of highly impact-resistant new energy battery underbody protection panel and sealing cover technologies, expanding and enhancing the application capabilities of thermoplastic composite materials in the field of new energy vehicles; and developed solutions across multiple application dimensions.

Healthcare

- In response to industry pain points such as the weak polarity of traditional composite current collector substrates, poor bonding strength with metal layers, insufficient high-temperature resistance, and inadequate flame-retardant performance, leveraging the fibre-forming advantages of nonwoven melt-blown technology, the Company innovatively developed LCP, PPS and high-temperature nylon series composite current collector materials, achieving dual breakthroughs in material formulations and preparation processes.
- The Company independently developed nitrocellulose microporous membrane technology for in vitro diagnostics, and the product completed pilot-scale mass production.
- The Company's independently developed multi-grade, multifunctional air filtration materials achieved mass production, with product technical performance and stability reaching the forefront of the industry.
- The Company's self-developed supercritical electrostatic injection technology and products achieved full integration of the pilot-scale process.

Case **The Company Became the First Domestic Material Supplier to Launch Bio-based LCP**

LCP materials are widely used in electronics, automobiles, aerospace and other fields. The Company successfully launched a new generation of low-carbon LCP material, Vicryst® LCP CER-B, becoming the first domestic and the second global supplier in the LCP industry to obtain the International Sustainability and Carbon Certification (ISCC PLUS). In the future, the Company will continue to deepen cooperation with domestic LCP monomer suppliers, tackle key challenges in LCP materials derived from fully bio-based monomer sources, promote renewable content to break through industry limits, and support the achievement of the "carbon peaking and carbon neutrality" objectives with more innovative solutions.

Intellectual Property Management

The Company complies with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, has formulated management systems such as the Intellectual Property Management Manual, and has established an intellectual property office to coordinate intellectual property-related affairs. The Company has passed the intellectual property management system certification audit and obtained the Enterprise Intellectual Property Compliance Management System Certification Certificate.

The Company continuously improves patent quality and the standard of its international deployment, upgrades and refines the risk early warning mechanism for overseas patents, and provides strong support for global operations. The Company focuses on increasing the proportion of invention patent applications, accelerates the pace of overseas patent deployment, and strengthens patent commercialisation and application, promoting the use of more high-value patents in its principal business and effectively transforming intellectual property advantages into market competitive advantages. The Company organises patent training sessions and, in 2025, it held a total of 19 special training sessions, effectively enhancing the capabilities of relevant personnel in the creation, protection, and management of intellectual property.

Indicators and Targets

The Company has established an innovation objective to "construct a high-level, all-round and multi-level comprehensive innovation system in the industry for the core purpose of gathering top innovative talents, building a high-level R&D platform, innovating the business model and implementing an advanced innovation management mechanism." To ensure the effective achievement of this objective, the Company has established and improved organisational support, financial support, performance incentives, and risk control mechanisms, incorporated technological innovation indicators into the key performance assessments of responsible persons at all levels, implemented quarterly tracking and annual evaluation, and established a special reward fund to generously reward teams achieving major technological breakthroughs, thereby fostering a positive atmosphere that advocates innovation and tolerates failure, and providing solid support for building a world-class innovative consortium for new materials.

2025 Innovation-Driven Targets and Progress of the Company

Indicator	Target	Achievement Status in 2025
Number of patent applications	750	807 patent applications submitted, with an achievement rate of 107.6%
Of which: Number of domestic invention patents	550	585 domestic invention patents, with an achievement rate of 106.4%
Number of utility model patents	55	58 utility model patents, with an achievement rate of 105.5%
Number of overseas invention patents	90	101 overseas invention patents, with an achievement rate of 112.2%
Number of PCT applications	55	63 PCT applications, with an achievement rate of 114.5%
In 2025, R&D investment amounted to RMB 2,761,132,700, representing a year-on-year increase of 10.90%.		

2025 Honours Related to R&D Innovation of the Company

- **During the reporting period, the Company received:**

- ☑ Second Prize of the National Science and Technology Progress Award (second participating unit): Key Technologies and Applications for Low-carbon, High-quality Recycling and Remanufacturing of Plastic Waste
- ☑ First Prize of the Science and Technology Progress Award of Jiangsu Province: Key Technologies for the Green and Intelligent Manufacturing and Industrialisation of Highly Flame-Retardant Polyolefin Composite Materials for New Energy Batteries
- ☑ First Prize of the China National Light Industry Council Science and Technology Progress Award: Research, Development and Industrialisation of Key Technologies for High-quality Recycling of Plastic Waste
- ☑ Third Prize of the Science and Technology Progress Award of Sichuan Province: Establishment of Key Core Technologies and a Standard System for High-quality Plastic Recycling
- ☑ 3 China Patent Excellence Awards: A matte PE material and its preparation method and application, a PBAT resin composition, a thermoplastic resin composition and its preparation method

- **The Company took the lead in completing:**

- ☑ Two major national science and technology projects for the R&D and application of key new materials

Product and Service Quality

Governance

The Company upholds the quality concept of "taking the customers first, maintaining survival based on standards, and becoming powerful in reliance upon quality", and has established a standardised and lean product quality system.

The Company has established a Quality Management Centre, which is responsible for determining quality policies, strategies and objectives, with a senior executive serving as the Chief Quality Officer. The Company has established a Quality Department as the dedicated management body for product quality management and safety, responsible for the development and operation of the Company's product quality system and for carrying out product quality and safety management. The Company has formulated rules and regulations such as the Quality Manual to ensure that the relevant requirements for quality management can be effectively implemented and strictly enforced, thereby ensuring stable product quality. As of the end of the reporting period, 95% of the Company's steadily operating modified plastics production bases had obtained certification under the IATF 16949:2016 Automotive Quality Management System Standard or the ISO 9001:2015 Quality Management System Standard.

The Customer Quality Section under the Company's Quality Management Centre is responsible for establishing a quality communication platform with customers and carrying out the professional handling of customer complaints. The Company has formulated systems such as the Communication Control Procedures and the Customer Complaint Management Regulations to standardise response times, handling procedures and other aspects of customer services, ensuring that customers are provided with services at the earliest opportunity during the pre-sales, sales and after-sales stages, and enhancing customer satisfaction with the Company's products and services.

Strategy

With stringent quality standards and stable delivery capabilities, the Company provides downstream industry customers with high-performance, highly reliable material solutions, supporting the quality upgrading of products of customers. By ensuring quality and safety control throughout the entire product lifecycle and continuously optimising customer services, among other strategies, the Company is better positioned to respond to risks and opportunities related to products and services.

Analysis of Product and Service Quality Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Customer attrition risk	Fluctuations in product quality may lead to downstream customers' production line shutdowns, batch scrapping and recall risks, triggering substantial quality claims and joint brand liability, severely undermining customer trust and resulting in loss of market share.	Short term	Reduced operating revenue
Long-term collaboration opportunity	Consistently stable quality performance and technological innovation can not only deepen strategic customer stickiness and extend product life cycles, but also help the Company overcome entry barriers in demanding application fields such as new energy vehicles and high-end electronics, secure long-term supply agreements and brand premium opportunities, and build a competitive moat.	Medium and long term	Increased operating revenue

Impact, Risk and Opportunity Management

The Company has established quality control processes, starting with risk and opportunity planning, allocating quality support resources, and ensuring the effective operation of quality control and the management of external operations, thereby forming a quality control process that covers preliminary planning, resource assurance, process control, and continuous improvement.

Quality Control Processes of the Company

Product Quality and Safety

The Company has implemented process control throughout the entire product lifecycle, covering product design, development, manufacturing, and after-sales service, and has continuously strengthened quality awareness among all employees through regular quality training. Since its establishment, the Company has not experienced any recall incidents, fully demonstrating the excellent quality of the brand.

Product Quality Management Mechanism of the Company

Product design and development

- Conduct product verification, validation, monitoring, measurement, inspection, and testing in accordance with the requirements of the Design and Development Control Procedure to ensure that products meet the requirements.
- The objectives for product conformance include protection, reliability, durability, serviceability, environmental protection, safety, development safety, and cost.

Product safety control

- In accordance with the Product Safety Control Procedure, implement management for products and manufacturing process management related to product safety through a cross-functional team working model.

Product recall management

- Formulate the Product Recall Operating Standards to specify the recall process and responsible departments for non-conforming products, and incorporate on-site product returns and recall data into performance indicators, thereby effectively safeguarding customers' rights and interests.

Customer Services

The Company is customer-centred and has always regarded customer satisfaction as an unremitting goal. In the face of customer complaints, the Company upholds the principles of transparent and fair complaint handling, has established diversified customer feedback channels such as telephone, fax, and official account, fully listens to customers' voices, and has built a graded complaint response mechanism, setting differentiated response time standards according to the urgency of customer complaints to ensure that all types of requests are handled promptly and professionally.

Customer Feedback Channels of the Company

Tel: +86（020）-66818888

Fax: +86（020）-66848888

Official Account: Kingfa New Materials

Address: 33 Kefeng Road, Science City

Postal Code: 510663

Indicators and Targets

The Company has set a target that "from 2022 to 2030, the Company will continuously optimise the safety performance of our products, to receive no health or safety complaints from the customers", and monitors management indicators such as customer satisfaction and customer complaint resolution rate. In 2025, the Company successfully achieved the above target, provided customers with high-quality products and services, and effectively maintained market competitiveness.

2025 Product and Service Quality Targets and Progress of the Company

Indicator	Unit	Target	Achievement Status in 2025
Health and safety-related customer complaint rate	%	0	0, achieved

Data Security and Customer Privacy Protection

The main data types of the Company comprise seven categories, namely R&D data, marketing data, financial data, production data, supply chain management data, integrated management data, and personal data. The Company strictly complies with relevant laws and regulations, including the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China, and has established a full lifecycle management mechanism covering data collection, storage, and use to ensure the legality and security of information processing.

The Company has established an Information Security Group responsible for establishing and improving the information security management system, formulating information security policies, coordinating and supervising the implementation of information security work across departments, and building an information security management institutional system featuring "internal control + external collaboration". Internally, the Company has formulated the Information Security Management Regulations, the Data Security Management Measures, the Data Classification and Grading Management Measures and other institutional standards, and established a data classification and grading control mechanism. Externally, the Company has formulated the Requirements for Supply Chain Information Security Management, conducted information security assessments during the supplier onboarding process, incorporated information security clauses into supplier contracts and agreements, and regularly carried out supplier information security assessments to ensure that information security risks in the supply chain are controllable. During the reporting period, the Company's information security system continued to operate effectively, an ISO 27001 Information Security Management System certification was carried out[2], and no major information security incidents occurred.

The Company has built a multi-dimensional information security protection system, integrating information security management into daily operations and employees' behavioural habits, effectively safeguarding the security of the Company's information and data.

Information Security Prevention and Control Measures of the Company

Information security technical protection

- **Vulnerability scanning and fixing:** Quarterly arrange information security engineers for vulnerability scanning, penetration testing and weak password inspection on the intranet, regularly summarise all inspections, reinforcements, and tracking, prepare a summary report and announce the completion of the work internally.
- **Access permission settings:** Construct an access control and privileged account management system and assign the information security engineers to conduct a behavioural audit on the account permissions of product managers, administrators and external consultants.
- **Encrypted transmission and storage:** Encrypt data for storage and transmission to ensure data confidentiality and integrity.
- **Data backup:** Perform regular backup and recovery tests on important data to ensure data reliability and availability.

[2] In 2025, the Company organised and advanced work related to ISO 27001 Information Security Management System certification, and officially obtained the ISO 27001 certification in February 2026.

Information security culture development

- **Information security training for employees:** Incorporate information security training into onboarding training for new employees, and provide regular information security-themed training sessions to employees in key positions such as finance, procurement, sales, and IT.
- **Information security training for suppliers:** Require suppliers to provide at least one information security awareness training session for all their employees each year to ensure that they understand the Company's information security policies and regulations.
- **Information security incentives:** Establish three levels of information security incentives to encourage employees to actively participate in the Company's information security development and management optimisation, report and stop non-compliant behaviour, and safeguard the Company's information security.

Information security emergency management

- **Information security emergency response:** Formulate the Emergency Plan on Information Security, establish an information security emergency response organisation, classify emergency incidents, standardise emergency response procedures, ensure the physical security, operational security and data security of important information systems of the Company, and minimise the harm caused by emergency information security incidents to the greatest extent possible.

- **During the reporting period:**

- The Company conducted 55 information security audits, and 100% of the identified information security risk items were fully rectified.
- The Company organised 40 information security training sessions, including information security onboarding training for new employees, information security awareness training for all employees, and special training on the ISO 27001 Information Security Management System, achieving full coverage of key groups.
- The Company organised an information security emergency drill, effectively enhancing the information security emergency response capabilities of the relevant departments and personnel.


Employee Information Security Training Session


Employee Information Security Training Session

The Company strictly protects customer privacy information in accordance with the Identification and Compliance Assessment Management Procedures for Laws and Regulations and Stakeholder Requirements, controls post-based data access permissions by implementing the principle of minimum authorisation, carries out data desensitisation and anonymisation to better protect customer privacy, and clearly defines red lines for information sharing, strictly prohibiting the disclosure of customer information and other personal data to unauthorised third parties. During the reporting period, the Company did not experience any customer privacy leakage incidents.

Sustainable Supply Chain Management

The main supplier types of the Company include raw material suppliers, equipment spare parts suppliers, operating materials suppliers, and service providers. The Company has established a full-lifecycle supplier management system. Based on the differentiated needs of the Company's various business sectors and product categories, the Company has achieved targeted and transparent supply chain management, promoting the sustainable transformation of the supply chain.

Governance

Sustainable supply chain management is an important aspect of the Company's efforts to build sustainable competitiveness. In 2025, the Company adjusted and optimised the organisational structure of its supply chain management, and newly established the Supply Chain Management Department. Relying on a professional supply chain management team, the Company coordinated the Group's requirements, suppliers' full lifecycle management, and logistics compliance control, so as to build an efficient and comprehensive sustainable supply chain management system.

The Company has established and improved a full-lifecycle supplier management system and formulated internal policies such as the Evaluation and Application Procedures for Supplier Classification and the Supplier Audit Management Regulations. In 2025, the Company completed the addition and optimisation of 29 standardised documents related to supply chain management processes, continuously strengthening the institutional foundation for full-process management covering supplier access, evaluation, exit, and risk control, thereby providing assurance for supply chain security, stability, and sustainable operations.

Strategy

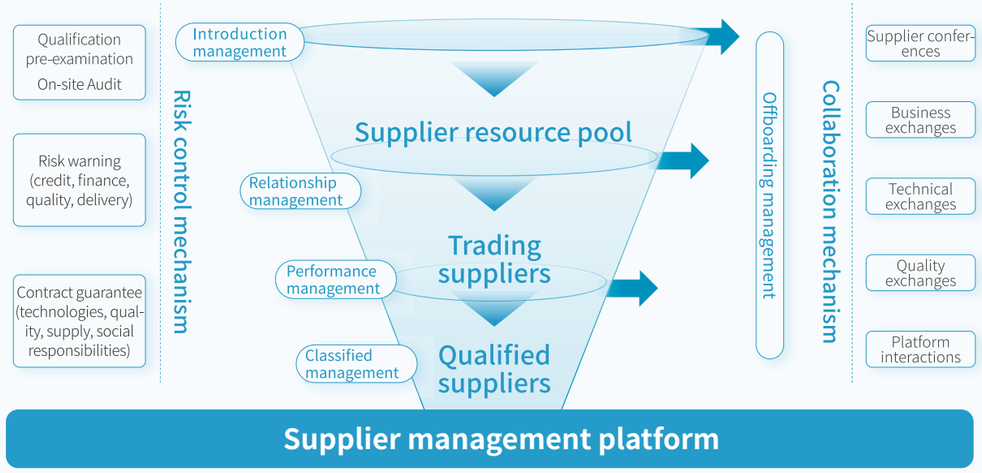
By continuously enhancing the level of sustainable supply chain management, the Company can strengthen the overall resilience of the supply chain, effectively hedge against the risks of supply disruptions and cost fluctuations caused by geopolitical turmoil and extreme weather, and a sound supplier ESG management system helps to enhance brand competitiveness, provide customers with greener and more reliable material solutions, and support the growth of market share and revenue.

Analysis of Sustainable Supply Chain Management Risks and Opportunities of the Company

Major Risk/Opportunity	Specific Description	Scope of Impact	Financial Impact
Operational and cost risk	Heightened geopolitical risks directly lead to sharp fluctuations in the prices of upstream supply resources; climate risks such as extreme weather are becoming increasingly frequent, directly impacting raw material supply, logistics and production, and may result in unstable supply and uncontrollable procurement costs.	Short, medium, and long term	Increased operating costs
Brand and market opportunitie	The Company has a comprehensive supplier evaluation system and, through the system portal, communicates ESG concepts to suppliers, enhancing their awareness and capabilities in ESG.	Short, medium, and long term	Increased operating revenue

The Company has established an SRM supplier management platform to improve the quality and efficiency of supplier management. In the future, the Company will continue to deepen the green transformation and digital upgrade of the supply chain, building a more resilient and more sustainable global supply network, and using supply chain strengths to drive the Company's high-quality development.

Supplier Management Platform of the Company



Impact, Risk and Opportunity Management

The Company has formulated supply chain risk management processes, closely monitored developments in politics, military affairs, the economy, climate and other fields across regions worldwide, identified risk factors and formulated risk contingency plans in advance, and adjusted procurement and inventory strategies in a timely manner.

The Company effectively manages and controls supply chain risks by implementing measures such as full-lifecycle supplier management, enhancing supply chain resilience, and practising sustainable procurement concepts. The Company has also established an early warning mechanism for high-risk raw materials. By continuously tracking the production status of upstream suppliers and signing four major agreements with suppliers, namely supply agreements, quality assurance agreements, environmental protection agreements, and technical agreements, the Company has achieved in-depth control over the supply chain and minimised the adverse impacts that risks may cause as far as possible.

Supplier Management

The Company has established and continuously improved a full-lifecycle supplier management system. In 2025, the Company optimised the pre-examination onboarding mechanism for equipment spare parts suppliers and service providers, while simultaneously improving the performance grading management system, implementing differentiated management and targeted empowerment based on supplier positioning and performance.

Supplier Management System of the Company

Classified management

Formulate the Evaluation and Application Procedures for Supplier Classification Management, in combination with the principles for evaluating the importance of material categories and supplier dependency, classify the suppliers of various materials, and carry out differentiated management for four types of suppliers, namely strategic suppliers, key collaborative suppliers, collaborative suppliers, and general suppliers.

Onboarding management

Formulate supplier introduction rules to standardise the selection and management process for the 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 optimisation.

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, in order to eliminate the suppliers with supply risks in a timely manner.

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 on a quarterly basis 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 realise the differentiated demonstration of supplier value.

Collaborative management

Establish a normalised, multi-level supplier collaboration mechanism through diversified channels such as supplier conferences, technical exchanges, daily business exchanges, and quality exchanges.

Supply Chain Security

The Company adopts four major measures including localised deployment, key material control, business integration, and industrial-trading collaboration, to build a full-chain risk prevention and control system, systematically enhancing supply chain resilience and risk resistance capabilities, and ensuring the supply of key materials and the stability of production.

Supply Chain Security Assurance Measures of the Company

Localised supplier deployment

Leveraging our global production capacity layout, the Company actively cultivates regional localised supply resources, shortens the supply chain radius, and reduces cross-border supply risks and delays.

Strengthened management of key materials

For single-source material categories and strategic critical materials, the Company formulates targeted procurement strategies and development plans, and deepens communication and collaboration with suppliers through the implementation of consignment models[3] and other measures to safeguard supply chain stability.

Internal collaboration among business sectors

For the modified plastics sector, the Company procures resin raw materials produced by Liaoning Kingfa and Ningbo Kingfa through internal purchasing, enhancing the self-sufficiency of key raw materials, thereby mitigating the risk of upstream resource supply disruptions and ensuring supply security at the source.

Deepened industry-trade collaboration mechanism

The Company enhances the effectiveness of industrial-trade coordination in the supply chain, establishs a production and trading inventory linkage mechanism, and gives full play to the role of the trading sector as a "reservoir" for regulation.

[3] Under the consignment model, suppliers are responsible for dynamic inventory monitoring and replenishment to ensure the accurate and timely supply of materials.

Sustainable Procurement

The Company works closely with suppliers to jointly build a sustainable supply chain. The Company has formulated the Sustainable Procurement Policies, and signed the Supply Agreement with suppliers, incorporating ESG performance in areas such as environmental protection, labour rights, health and safety, and business ethics into supplier introduction assessments, and taking this as a prerequisite for long-term and stable cooperation, so as to reduce suppliers' ESG non-compliance risks and ensure the implementation of sustainable supply chain management.

Four Major Supplier Assessment Dimensions

Environmental protection

- Environmental management
- Energy conservation and emission reduction
- Resource utilisation

Labour rights

- Child Labour and minor
- Anti-discrimination
- Forced labour
- Working hours and salaries
- Free choice of employment
- Freedom of association

Health and safety

- Safety
- Management of occupational diseases
- Lodging sanitation
- Management of toxic, flammable and explosive products

Business ethics

- Information security
- Morality and integrity
- Intellectual property

The Company has established an ESG management mechanism of "training - evaluation – improvement" for suppliers, systematically identifying and enhancing gaps in suppliers' sustainable management capabilities, and empowering suppliers' sustainable development.

ESG Management Mechanism for Suppliers of the Company

Normalised training

Leverage annual supplier conferences, supply chain support plans, SRM and special capacity training to regularly carry out the promotion of sustainable development concepts and capacity building.

Systematic assessment

Systematically perform sustainability risk assessment and audit environmental and social responsibilities.

Targeted improvements

Establish a hierarchical management system based on supplier ESG portraits, draft targeted improvement plans and incorporate them into the supplier performance appraisal.

Case The Company Convened a Supplier Conference to Build Consensus on Cooperation

On 5 December 2025, the Company grandly convened its annual supplier conference, bringing together more than 300 core suppliers and nearly 500 representatives. At the conference, the Company's leaders systematically explained the development strategy and thoroughly communicated the coordination requirements in the areas of supply chain, procurement, and technology, further building consensus on cooperation between the Company and its suppliers and injecting momentum into elevating the quality level of the supply chain.

The Chairman Delivered the Opening Remarks

The Chairman Delivered the Opening Remarks

Case **The Company Conducted Supply Chain Management Training to Enhance Sustainable Development Capabilities**

In 2025, the Company continued to build the talent pipeline for the supply chain management team, focusing on systematic training on topics such as the Risk Identification and Avoidance in Overseas Procurement During the Process of Globalisation and the Operational Management of Procurement Across All Categories, thereby enhancing the supply chain team's ability to identify and manage risks in the upstream and downstream segments of the supply chain.

Training on the Risk Identification and Avoidance in Overseas Procurement During the Process of Globalisation

Equal Treatment to Small and Medium-sized Enterprises

The Company complies with relevant requirements such as the Regulations on Ensuring Payments to Small and Medium-sized Enterprises, establishes and improves a fair and just supplier payment management system, does not set unreasonable payment conditions or discriminatory clauses in contracts, and treats all types of suppliers equally, including small and medium-sized enterprises. The Company continuously optimises its procurement and payment processes, strictly fulfils its payment obligations in a timely manner in accordance with contractual agreements, and effectively safeguards the lawful rights and interests of small and medium-sized enterprises; at the same time, it has established a regular communication mechanism to provide necessary support to suppliers as small and medium-sized enterprises in areas such as technical standards and quality control, promoting the coordinated development of the industrial chain.

As of the end of the reporting period, the balance of the Company's accounts payable (including notes payable) did not exceed RMB 30 billion, accounted for no more than 50% of total assets, and none of the enterprises within the scope of the consolidated financial statements was required to disclose information on overdue unpaid amounts owed to small and medium-sized enterprises in the National Enterprise Credit Information Publicity System.

Indicators and Targets

The Company has established sustainable supply chain management targets and monitors management indicators such as the on-site audit coverage rate of core suppliers, the proportion of suppliers with the environmental management system certification, the qualified rate of suppliers for protecting the rights and interests of labourers, the supplier code of conduct signing rate, and the sustainable procurement training coverage. In 2025, the Company continued to promote the sustainable transition of the supply chain and made multiple advances in sustainable procurement.

2025 Sustainable Supply Chain Management Targets and Progress of the Company

Indicator	Unit	Target	Achievement Status in 2025
On-site audit coverage of core suppliers	%	Enhance the on-site audit coverage of core suppliers to 90% by 2030.	>90, achieved
Proportion of suppliers with the environmental management system certification	%	From 2022 to 2030, ensure that 100% of key raw materials are sourced from suppliers with an environmental management system certification (ISO 14001).	60.26, steadily progressing
Qualified rate of suppliers for protecting the rights and interests of labourers	%	From 2022 to 2030, ensure that the suppliers comply with labour laws and regulations, and annually, 100% suppliers are qualified in protecting the rights and interests of labourers.	100, achieved
Supplier code of conduct signing rate	%	From 2022 to 2030, ensure that the supplier code of conduct is 100% signed every year.	100, achieved
Sustainable procurement training coverage	%	From 2022 to 2030, ensure that the annual sustainable procurement training coverage of purchasing specialists reaches 100%.	100, achieved

Promoting Industry Development

As an industry leader, the Company continuously advances and actively participates in industry dialogue, promotes collaborative innovation across the upstream and downstream; at the same time, the Company is deeply involved in the development of international or national standards, leads the standardised development of the industry, and continues to contribute its wisdom and strengths to enhancing the international discourse power of China's new materials industry and building a healthy and orderly industry ecosystem.

Industry Activities

The Company actively integrated into the global industrial innovation network and attended more than 10 top domestic and international industry events in 2025, including the European Meeting on Fire Retardant Polymeric Materials, the Rhine Forum, the Plastics Recyclers Europe Annual Meeting, the China Polyolefin Industry Application Conference, and the Global Battery Innovation Conference. Through keynote speeches, technology showcases, and high-level dialogues, the Company demonstrated its cutting-edge technological achievements and sustainable development solutions, and joined hands with partners across the global industrial chain to jointly drive the materials industry towards a new stage of high-quality development.

Case **The Company Attended the Supplier Quality Forum Held by a Leading Consumer Electronics Enterprise, Sharing ESG Practices to Promote Value Enhancement across the Industrial Chain**

On 16 October 2025, Wu Di, General Manager of the Company, was invited to attend the Supplier Quality Forum hosted by a leading consumer electronics enterprise under the theme of "A New AI Chain Journey, Quality for the World", and delivered a keynote speech entitled " 'Plastics' on Low Carbon, 'Connecting' the Future" at the ESG management and value enhancement breakout session, where he shared in depth the Company's practical highlights and notable achievements in the ESG field, as well as how ESG management can empower the overall value enhancement of the industrial chain.

General Manager Wu Di Delivered a Keynote Speech

Case **The Company Attended the European Meeting on Fire Retardant Polymeric Materials Conference (FRPM)**

The Company's representatives attended the 20th European Meeting on FRPM held in Madrid, Spain, and shared our independently developed Simple and Efficient Full Recycling of Flame-retardant Polyester, promoting Chinese technologies and standards to the world and contributing Chinese wisdom to the sustainable development of the global materials industry.

The Company's Representative Shared Simple and Efficient Full Recycling of Flame-retardant Polyester

Case **First Appearance at the Plastics Recycling Show Europe**

In 2025, on the occasion of the establishment of Kingfa (Spain), the Company first appeared at the Plastics Recycling Show Europe (PRSE), the most professional recycled plastics industry exhibition in Europe. Although the Company's exhibition stand was limited in size, the on-site response was enthusiastic, and the Company engaged in in-depth exchanges with numerous European brand owners.

In-depth Exchanges with Brand Owners at the PRSE

Case **Anti-rattle Material H12 Won the 2025 China Household Appliance Industry Chain Golden Nail Award**

In 2025, at the China Household Appliance Industry Chain Conference, the Company's self-developed anti-rattle material H12 (ABS silent solution) stood out from hundreds of participating companies and was awarded the 2025 China Household Appliance Industry Chain Golden Nail Award. This was another authoritative recognition received by the product following its UL and CQC certifications.

Traditional ABS materials are prone to abnormal noise caused by component friction, affecting the user experience of household appliances. By optimising the degree of stick-slip and efficiently dissipating frictional energy, H12 material reduces noise risk at the source. Its noise risk RPN value reached an industry-leading 1-3 (low-risk range), making it the preferred silent solution for leading household appliance brands.

From thousands of stick-slip friction tests in the laboratory to precise control of production line processes, the H12 project team redefined silent standards with cutting-edge technology, demonstrating the Company's solid capability to empower the high-quality development of the household appliance industry chain through technological innovation.

The Company Won the 2025 China Household Appliance Industry Chain Golden Nail Award

Case **Appearance at the Conference on Plastics in Automotive Engineering (PIAE)**

The Company made its debut at the conference on PIAE, a premier European automotive industry event hosted by the Verein Deutscher Ingenieure (VDI), and delivered a keynote speech, showcasing the Company's innovation capabilities and technological expertise to experts from the global automotive industry chain. The speech attracted approximately 60 professionals for in-depth listening on site. During the conference, the Company connected with more than 500 industry peers, and after the conference, the Company carried out technical exchange activities with multiple customers.

The Company's Representative Delivered a Speech at the Conference on PIAE

Case **Participation in the CEO Roundtable for Automotive Suppliers in China Hosted by the Verband der Automobilindustrie**

The Company participated in the CEO Roundtable for automotive suppliers in China hosted by the Verband der Automobilindustrie (VDA), and exchanged views on China market trends and the policy framework. Participants included CEOs of vehicle manufacturers and parts enterprises in China and Germany, as well as the Chairman and Managing Director of the VDA, and industry leaders from various associations/departments/research institutions.

Roundtable Meeting Site

Case **The Company Attended the Renewable New Material Conference, and Hosted the Sub-forum of "Recycled Materials Carbon Footprint Forum"**

The Company attended China's first "Renewable New Material Conference", and hosted the "Recycled Materials Carbon Footprint Forum", where the Company shared the report titled Frontiers in Recycled Polyester Preparation Technology and LCA Research, introducing innovative recycling technologies for marine waste polyester and decommissioned flame-retardant polyester, and demonstrating their environmental benefits and carbon reduction effects.

On-site Technical Sharing at the "Renewable New Material Conference"

In addition, the Company actively expands its network of strategic partners and carries out comprehensive collaboration in areas such as technology R&D and frontier industrial applications, jointly promoting technological upgrading in the industry and the co-development of the ecosystem.

Preparation of Standards

As an industry-leading enterprise, the Company actively participates in the formulation of various standards and plays important roles in multiple standardisation technical committees, including the National Technical Standardisation Committee on Plastics and the International Organisation for Standardisation ISO/TC61/SC9/WG27, and ISO/TC330. In 2025, the Company participated in drafting and issuing two international standards, and led/participated in the formulation and revision of 45 national standards and two industry standards, using its technical influence to guide industry rules and contribute Chinese wisdom to the development of the global technical standards system.

International/National Standards Participated in by the Company (Partial)

Standard Number	Standard Name	Standard Type
ISO 6031:2025	Functional extenders for special application — Nanoscale diamonds for polymer composites	International standard
ISO 6427:2025	Plastics — Determination of matter extractable by organic solvents (conventional methods)	International standard
GB/T 32366-2025	Biodegradable poly(butylene adipate terephthalate) (PBAT)	National standard
GB/T 46020.2-2025	Plastics — Guide of design for recycling — Part 2: High density polyethylene (PE-HD) materials	National standard
GB/T 46498-2025	Specifications for take-back service evaluation of waste and used household electrical appliances	National standard
GB/T 46576-2025	Greenhouse gases — Quantification methods of carbon footprint of products — Mechanical recycling recycled plastic products	National standard

2025 Performance in Promoting Industry Development of the Company

- As of the end of the reporting period, the Company had cumulatively led and participated in the drafting and publication of **14** international standards, and had led/participated in the formulation and revision of more than **260** national standards, industry standards, local standards, group standards, and others.

Talent Catalysis, a Sustained Chain Reaction of Goodwill

The Company upholds a people-oriented development philosophy, regards employees as the cornerstone of corporate development, fully protects employees' rights and interests, strives to foster an open, diverse and inclusive workplace ecosystem, builds a high-quality talent team, and achieves the coordinated enhancement of employee growth, corporate development and social value. The Company takes social benefit as the foundation for business development, regards serving the country through industry as its mission, and gives back to society through practical actions.

Highlight performance:

- Employee satisfaction: **87.66%**, up **5.19%** year-on-year
- Total employee training hours: **553,686.40** hours
- Health and safety risk assessment site coverage rate: **100%**
- Number of work-related deaths: **0**
- Social welfare investment: RMB **7,442,200**

SDGs benchmarking:

Employee Rights and Benefits

Equality, Inclusion and Diversity

The Company adheres to lawful and compliant employment, strictly follows the Universal Declaration of Human Rights, the ILO Core Conventions, the Social Accountability (SA 8000) and the laws and regulations, international labour conventions and initiatives of all places where the Company operates, and has formulated the Social Responsibility Policies, clarifying the Company's specific action guidelines and objectives in all aspects of employee rights and interests and human rights protection, and promoting the development of an equal, inclusive, and diverse workplace environment.

Equal, Inclusive and Diverse Practices of the Company

Fight against discrimination and harassment

- The Company has formulated the Anti-Discrimination and Anti-Harassment Management Regulations, following the principles of fairness, justice, and transparency in all aspects to ensure equal employment opportunities.

Child labour and minor workers

- Having formulated the Management Regulations for Child Labour and Minor Workers, the Company doesn't accept suppliers or partners that employ child labour or minor workers.

Forced labour

- Having formulated the Management Regulations on the Prohibition of Forced Labour, the Company prohibits forced labour, and protects the employees' rights to rest, vacation and termination of labour relationships during the term of the contract.

Labour protection for female employees

- Having formulated the Regulations on Labour Protection and Management of Female Employees, the Company has created a diverse, inclusive culture, attached importance to the rights and interests of female employees, and emphasised equality between men and women and equal pay for equal work.

The Company has set targets that "from 2022 to 2030, ensure that no discrimination or harassment occurs every year, and the coverage rate of anti-discrimination and anti-harassment training reaches 100%." In 2025, the Company had no incidents of discrimination or harassment, and the coverage rate of anti-discrimination and anti-harassment training was 100%.

Employee Recruitment

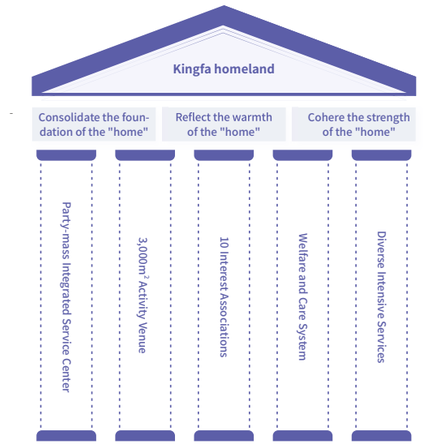
The Company strictly complies with laws and regulations such as the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, upholds the employment principles of legality and compliance, fairness and impartiality, and has established a global talent attraction mechanism. In 2025, the Company held more than 100 campus presentations across eight major regions in China, and extended them to overseas locations such as North America and Singapore, while simultaneously launching a special initiative for the recruitment of doctoral talent to attract highly qualified talent through multiple channels.

The Company continues to carry out university-enterprise exchanges and cooperation, working with more than 20 universities, including Tsinghua University, South China University of Technology, and Sichuan University. Through various means such as jointly cultivating innovative talent, university visits and exchanges, jointly building internship and practice bases, donating university scholarships, and sponsoring named activities, the Company deepens industry-university-research collaboration and fulfils the leading enterprise's responsibility for talent development.

Employee Rights and Benefits

The Company effectively safeguards employees' lawful rights and interests, and has formulated systems such as the Welfare Management Regulations and the Employee Retirement Management Regulations, thereby establishing a comprehensive, multi-level protection system for employee rights and benefits. The Company also continuously promotes the development of the "Kingfa Homeland", enabling employees to feel the warmth and care from the Company and strengthening organisational cohesion.

"Kingfa Homeland Culture" System



Employee Rights and Benefits System of the Company

Employee rights

- Pay wages on time
- Purchase five social insurances and one housing fund
- Provide maternity leave, marriage leave, bereavement leave, annual leave and other types of leave in accordance with the law

Employee benefits

- Carry out birthday and festive greetings and condolences
- Provide free annual health check-ups
- Provide various welfare allowances and subsidies such as annual and quarterly benefits, transport subsidies, seniority allowances, and expatriate allowances
- Provide canteen dining services and staff welfare dormitories, and provide supporting recreational activity venues
- Provide basic health diagnosis and treatment and psychological counselling services in the medical room
- Establish a special assistance fund for employees in difficulty, and provide hardship assistance grants to employees in difficulty
- Provide schooling support for employees' children

Upholding popular, small-scale and routine activities, the Company innovates the forms and content of cultural and sports activities according to local conditions, continuously improves the quality and standard of employee activities, and stimulates employees' enthusiasm for participation.

New Year Activity

Employee Winter Sports Meeting


Jincai Club

Summer Heatwave Employee Care Visits

The Company innovates the design of restricted long-term equity investment, achieves a balance between incentives and constraints, deeply aligns core employees with the Company's long-term value, encourages employees and the Company to jointly improve operating performance, and realises the sharing of long-term value.

Case **Jiangsu Kingfa Implemented Equity Incentives for Core Employees**

In July 2025, Jiangsu Kingfa implemented equity incentives for the Group's core employees through a capital increase and share expansion. As of 31 December 2025, all establishment work for the employee shareholding platforms under this equity incentive had been completed, with a total of 29 limited partnerships established (hereinafter collectively referred to as the "Partnerships"). The incentive recipients subscribed for not more than RMB 118,611,614 in newly increased registered capital of Jiangsu Kingfa through the employee shareholding platforms at a consideration of RMB 635,758,251, with a subscription price of RMB 5.36 per RMB 1 of registered capital. Upon completion of this equity incentive, the incentive recipients indirectly held equity interests in Jiangsu Kingfa through the Partnerships.

Democratic Communication

The Company has established a systematic communication management system, and created a multi-dimensional communication channel for "daily communication - appeal management - democratic participation" around the concept of "following procedures, respecting hierarchy and facilitating sincere interactions". The Company has built an employee appeal management platform and constructed a rapid response mechanism to ensure that employees' reasonable suggestions are processed in time.

Employee Communication Channels of the Company

The Company signs Democratic Agreements with employees in accordance with regulations and, through platforms such as the congress of trade union member representatives and the workers' congress, signs Collective Contracts with employee representatives, improves democratic management mechanisms, and effectively safeguards employees' rights to information, participation, expression, and supervision. The Company conducts at least one employee satisfaction survey each year, and extensively collects the employees' opinions and suggestions on the working conditions, remuneration, benefits, career development, etc.

The Company has set the target that "from 2022 to 2030, ensure that the annual coverage rate of the collective contract is up to 100%; by 2030, achieve employee satisfaction among more than 98% of the employees." In 2025, the Company's collective contract signing rate was 100%, and the employee satisfaction was 87.66%, a year-on-year increase of 5.19%.

Employee Training and Development

Employee Training

Guided by the "1438" strategy and our global development objectives, the Company adheres to the training philosophy of "full coverage, tiered development, practical focus and knowledge inheritance". The Company has established a talent development system covering the three major systems of marketing, technology and internal operations, connecting domestic and overseas markets, and spanning the full career life cycle from new employees to senior executives. On this basis, the Company focuses on advancing the development of international talent and building an overseas talent ecosystem. Through university-enterprise collaboration, cultural integration and practical empowerment, the Company promotes the coordinated enhancement of employee growth, corporate development and social value, laying a solid talent foundation for its high-quality and sustainable development.

2025 Employee Training Programme Progress of the Company

Management cadre development

The Company fully launched training programmes for senior, middle, and junior management cadres, promoting tiered improvements in management capabilities, unifying management language, and supporting the efficient implementation of corporate strategy.

The Senior Management Cadre Programme Was Officially Launched at Shanghai Jiao Tong University


The Middle Management Cadre Programme Was Officially Launched at Sun Yat-sen University


The Opening Ceremony for the First Junior Management Cadre Programme Was Held in Guangzhou

International talent development

The Company focused on the internationalisation strategy of "rooted in China, deepening presence in the Asia-Pacific, and expanding into Europe and the Americas", with an emphasis on the coordinated development of domestic and overseas talent. The Company implemented a range of initiatives, including overseas talent boot camps, overseas special training programmes, intensive training in China for foreign employees, and overseas Young Eagle development, so as to strengthen cultural integration and business collaboration at home and abroad and promote the sustainable implementation of our globalisation strategy.


The Overseas Talent Training Camp Was Launched in Guangzhou

Asia-Pacific Sword Forging Programme Phase II Training

Overseas Young Eagle Headquarters Intensive Training

Marketing system talent development

The Company focused on the high-quality development of its marketing business. Through initiatives such as induction training, the Sword Forging Programme, and the Sword Sharpening Programme, the Company achieved tiered capability enhancement for marketing talent, established a full-cycle marketing talent development system of "newcomer development - core talent refinement - expert cultivation", and advanced the implementation of the "three-in-one" marketing strategy.


Executive Seminar for New Campus Recruits of the Marketing Centre

Completion of Sword Sharpening Programme Phase IV

Technical system talent development

The Company has established a tiered training system for technical talent. Through programmes such as the Innovation Class and the Creative Thinking Class (including overseas), it covers recent technical graduates and key talent, taking into account the development of both fundamental capabilities and innovation capabilities, supporting the growth of technical talent, strengthening the enterprise's R&D and innovation capabilities, and supplying professional talent for technological advancement in the industry.

Launch of the Creative Thinking Class

Creative Series Theme-based Training for the Technical System

Full coverage of the Young Eagle Development Programme

The Company organised the Young Eagle Development Programme for newly recruited graduates, passing on our core corporate values and helping graduates quickly complete their role transition.

Young Eagle Team Building

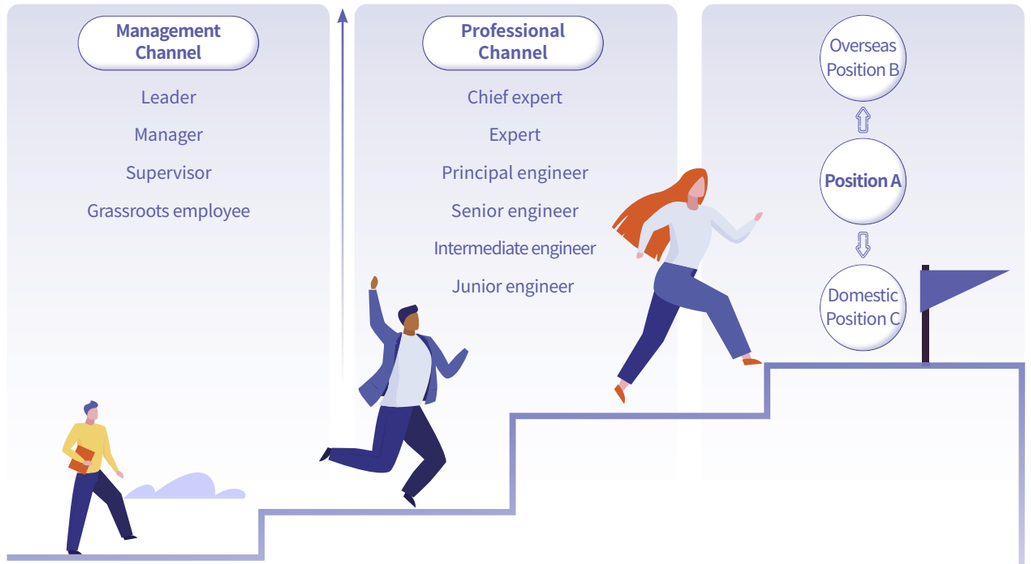
Young Eagle Team Building

Employee 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. The Company has set the employee development vision of "attracting global outstanding talents, activating individuals, improving organisational capabilities, becoming a world-renowned employer brand, and guaranteeing our realisation 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, organisational efficiency and organisational fit, to guarantee the talents' career development.

Adhering to the employment principle of "attaching equal importance to integrity and talent and employing one's talent to the fullest extent", the Company has constructed a "management + professional" dual-channel promotion system and job rotation mechanism for employees to provide a multi-dimensional career growth path. Based on the quality model and job qualification requirements, the Company has established differentiated and reasonable career promotion standards to drive talent and corporate strategies for symbiosis and joint growth, achieving a win-win outcome for individuals and the organisation.

"Dual-Channel" Promotion System of the Company

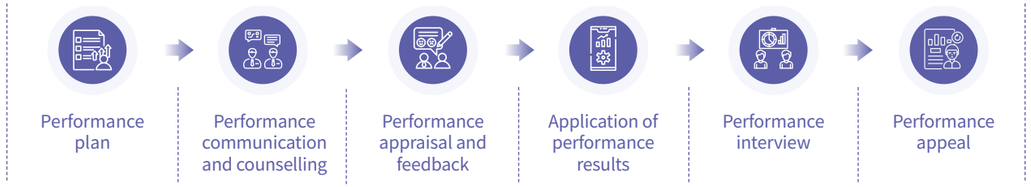


Job Rotation Mechanism of the Company

In remuneration management, adhering to the philosophy of being "value creator-oriented", the Company has established a comprehensive remuneration and performance management system, adopted a salary structure that combines basic salary with floating salary, and made regular adjustments based on market level and employee performance to ensure the internal fairness and external competitiveness of the remuneration system.

In terms of performance assessment, the Company has formulated systems such as the Performance Management Regulations, established sound performance management processes, and conducted performance assessment in a fair and impartial manner. If an employee raises any objections to the performance appraisal results, the employee shall communicate with the performance appraisal superior first, and if no agreement can be reached, an appeal may be made to the HR Department. After receiving the appeal, the relevant departments will conduct an investigation and evidence collection. If the appeal succeeds, the performance responsibility of the superior will be traced and assessed to ensure the fairness of the performance appraisal.

Performance Management Processes of the Company



Occupational Health and Safety

The Company adheres to the management concept that "safety is essential for survival", follows the working principle that "production and life safety is the top priority", steadfastly pursues zero accidents, and continuously improves its occupational health and safety management system. During the reporting period, the Company and its subsidiaries (14 in total) all passed ISO 45001 Occupational Health and Safety Management System certification.

Governance

The Company strictly complies with relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Work Safety Law of the People's Republic of China, and the Provisions on the Supervision and Administration of Occupational Health at Workplaces, formulated internal regulations such as the Implementation Rules for the Work Safety Responsibility System and the Management Measures for the Hierarchical Control of Safety Risks, established a unified safety management system based on the ISO 45001 Occupational Health and Safety Management System and GB/T 33000-2025 Requirements of work safety management system for large and medium-sized enterprises, and formed a four-level safety management network of "Group-subsidiary-department-team". Overall occupational health and safety work is coordinated, led, and controlled by the Work Safety Committee of the Group, while the work safety committees of each subsidiary implement territorial management in accordance with national laws and regulations, safety technical standards, and the Company's management system standards.

The Company strictly implements the principle of "three managements and three musts" (business/industry/production and operations management, with safety management required), the responsibility system for identifying "whoever in charge is responsible", and performance linkage appraisal. The Work Safety Committee of the Group has formulated the annual Letter of Responsibility for Work Safety, set up a quantifiable safety responsibility assessment system (including result and process indicators), and performed safety responsibilities step by step through the closed-loop mechanism of "target decomposition - process supervision - result application" towards the general managers, department heads and grassroots teams of all subsidiaries. The assessment results are directly linked to the year-end performance and the annual merit-based evaluation, in order to realise the coverage of all employees' responsibilities.

Strategy

Based on our global production layout and the risks identified, the Company has formulated the "60143" strategy for work safety management. With zero accidents as the ultimate goal, the Company has established 1 globally unified safety management system, while developing 4 sets of precise implementation standards based on different business types. Supported by an information-based safety management platform as the core technological enabler, the Group's supervision and assessment as the core mechanism, and a safety culture led by leaders taking the lead in fulfilling responsibilities as the ideological support, the Company will establish a safety management system applicable to all our domestic and overseas bases, and achieve Level 6 of the ISRS by 2030. The Company will comprehensively enhance our capability for safety risk early warning and response, ensure that the work safety situation continues to remain stable and improve, and build a solid safety defence line for the Company's high-quality development.

Analysis of Occupational Health and Safety Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Operational management risk	The Company has numerous subsidiaries and production bases that are widely distributed. This geographical dispersion extends the management radius, making it difficult to implement the headquarters' unified standards, increasing management costs, and creating regulatory blind spots. In addition, due to differing regulatory requirements across regions, if the Company's occupational health and safety management measures fail to be dynamically adjusted in line with changes in regulations and standards, this may result in administrative penalties.	Short, medium, and long term	Increased operating costs
Reputational risk	Work safety has long been subject to close attention from regulatory authorities, the media, and the public. If a relatively large-scale safety accident occurs, it may trigger a public opinion crisis and negative evaluations in the capital market, damaging the Company's brand reputation.	Medium and long term	Increased operating costs Reduced operating revenue

Starting in 2025, the Company began building and deepening the application of an occupational health and safety information platform, creating a visualised window into global safety conditions, addressing supervisory blind spots arising from the wide distribution of production bases, shifting risk warnings from "post-incident traceability" to "pre-incident insight", and transforming management decision-making from experience-based judgement to data-driven approaches. Through the safety platform, the Company has achieved real-time risk warnings, end-to-end online process visibility, and data-based decision-making, truly realising one global network for safety management and one platform for management, promoting the implementation of the standards system, and ensuring that safety responsibilities are beyond evasion.

Impact, Risk and Opportunity Management

The Company attaches great importance to work safety and occupational health management, formulates occupational health and safety management processes, and carries out relevant prior risk identification, prevention, and response work to reduce the likelihood of safety accidents and occupational disease incidents.

Occupational Health and Safety Management Processes of the Company

Safety risk identification and control

Hazard identification in production and operating workplaces—risk assessment of hazards, determination of the risk level of each hazard—preparation of a four-colour risk map, formulation of risk control measures for hazards—effectiveness evaluation of control measures—implementation of control measures—continuous attention, with regular re-identification and re-evaluation

Occupational health

Pre-assessment report based on production raw materials and the occupational disease hazards, and the special chapter on occupational disease protection design to identify occupational disease hazard factors—on-site testing of occupational hazard factors—assessment of the degree of occupational hazards—improvements carried out in the prevention and control of hazard factors based on the principle of intrinsic safety—on-site re-testing of occupational hazard factors to determine the effectiveness of control measures—regular testing and disclosure of results

Work Safety Management

The Company enhances work safety responsibilities at every level through measures such as safety hazard inspections, safety culture education, and emergency response drills, improves the Company's safety management standards, and ensures the safe and orderly conduct of all production and operational activities.

Work Safety Management Measures of the Company

	Specific Content	2025 Actions and Results
Safety hazard inspection	• Formulate the Safety Inspection, Hidden Danger Investigation and Governance System, regularly organise and carry out safety hazard identification and investigation, and establish a risk register for safety hazards; for various safety hazards recorded in the risk register, establish a long-term tracking and supervision mechanism, with the headquarters supervising and driving the implementation of rectification by each subsidiary and regularly reporting to senior executive. • Include the progress of hazard rectification in the safety performance assessment of the heads of local departments, with local leaders taking the lead in rectification; for matters overdue for rectification or where rectification is inadequate, conduct supervision and accountability, issue regular notifications, and require bases to incorporate them into the annual work plan for the following year, ensuring that risk hazards are fully closed out.	• Headquarters led a cross-base special safety audit campaign, conducting comprehensive inspections of the inspected bases across multiple dimensions, including work safety investment, safety system development, and production sites. • Drawing profound lessons from external accident cases, the Company joined external safety experts to carry out three special safety hazard inspections at the EHS level across 19 subsidiaries and 13 bases within the Group, covering grilles, processes, equipment, instrumentation, special operations, and major hazard sources, and eliminated a total of 1,325 safety hazards.
Safety culture education	• Promote full coverage of safety education, requiring employees to conscientiously study and strictly comply with all rules and regulations, enhance their own safety awareness at work, refrain from violating labour discipline, operating in violation of regulations, or giving commands in violation of regulations, and prevent accidents to the greatest extent possible. • Ensure that new employees pass onboarding safety training and assessment, and in-service employees receive refresher safety education every year; ensure that engineer-level personnel in management, supervisory, professional, and technical job families, among others, receive safety training before promotion, and may only be promoted or appointed after passing the assessment.	• At the beginning, middle, and end of the year, the Company invited external experts to focus on multiple key areas, including production safety responsibility, chemical PSM change management, and accident emergency management, and conducted three Group-wide safety training sessions for all employees. • A total of 1,254 work safety training sessions were conducted, with a cumulative attendance of 74,185 person-times.
Emergency response drills	• Formulate emergency response procedures such as Management Procedures for Risks, Opportunities and Emergency Preparedness and Response Plans to ensure that various emergency plans can be executed promptly and effectively in emergency situations, thereby minimising casualties and property losses to the greatest extent possible. • Organise emergency drills on an ad hoc basis to strengthen the capabilities and response speed of relevant units and personnel in handling sudden accidents.	• In accordance with the annual plan, 509 work safety drills were organised, including 388 on-site emergency plan drills, 98 special emergency plan drills, and 23 comprehensive emergency plan drills for work safety accidents.

Organising the "Safety Month" Activity to Identify "Safety Hazards Around Us"


Organising Employees to Carry out Emergency Drills

Case **Kingfa Environmental Innovated the Safety Risk Identification Model**

Kingfa Environmental fully implemented the Job Hazard Analysis (JHA) method. Through mechanism innovation and staff deployment to the front line, it changed the previous management-led assessment model, organised frontline employees to participate in assessments, and improved the authenticity and accuracy of risk identification. In 2025, Kingfa Environmental carried out step-by-step breakdowns and risk assessments for 413 specific operations across the entire plant, formulated targeted control measures, and is expected to achieve a 56% reduction in the total volume of general risks.

During the reporting period:

- The Company strictly complied with the provisions of the Work Safety Law, and purchased work safety liability insurance for all employees of the green petrochemicals sector, Zhuhai Kingfa Biomaterials, Liaoning Kingfa Biomaterials, and Zhuhai Vanteque Specialty Engineering Plastics, which belong to high-risk industries, covering **3,604** people, with premiums paid amounting to RMB **859,765.**

Occupational Health Management

The Company has consistently placed employees' occupational health in an important position within corporate sustainable development, effectively preventing the occurrence of occupational diseases and safeguarding employees' physical and mental health. In addition, the Company has continued to carry out dynamic prevention and control of infectious diseases, reducing virus transmission and protecting the safety of all employees.

Occupational Health Management Measures of the Company

Occupational disease management

Engineering control measures

Adhering to the principle of "prevention and control at the source", fully integrate the concept of engineering controls at the plant and facilities stage, implement enclosed production and transportation for toxic and volatile materials, and equip ventilation, detoxification, and dust removal systems; adopt sound insulation, vibration reduction, and noise elimination measures for high-noise equipment, and install heat insulation and cooling devices at high-temperature posts; promote automation and intelligent transformation to reduce direct personnel exposure.

Distribution of labour protection supplies

Establish standardised standards for the distribution of labour protection supplies, and equip protective gear such as gas masks and dust masks based on hazard types to safeguard employees' occupational health.

Hazard factor testing

Make sure bases and subsidiaries regularly conduct testing of occupational hazard factors in the workplace, and disclose the testing results to employees.

Occupational health examination

Provide physical examinations in accordance with the Company's production characteristics and the occupational hazard factors associated with employees' positions, with reference to the requirements of national occupational health surveillance standards.

Occupational health training

Attach importance to employees' occupational health and safety, and provide pre-job occupational health training and regular occupational health training during employment for employees, in order to popularise occupational health knowledge.


Providing Health Consultation Services for Employees and Their Families


Providing Health Consultation Services for Employees and Their Families

Organising Employees to Learn Cardiopulmonary Resuscitation


Organising On-site Psychological Health Lecture for Employees

Indicators and Targets

The Company has established annual occupational health and safety management targets, broken down various quantitative indicators for each subsidiary and continuously monitored the completion of these indicators, ensuring the effective achievement of the Company's overall work safety and occupational health management targets.

Occupational Health and Safety Targets and Progress of the Company

Indicator	Unit	Target	Achievement Status in 2025
Number of work-related deaths	case	0	0, achieved
Employee physical examination coverage rate	%	100	100%, achieved
Health and safety risk assessment site coverage rate	%	100	100%, achieved

Rural Revitalisation and Contributions to the Society

The Company actively responds to the rural revitalisation strategy, effectively improves local infrastructure and living conditions through targeted measures such as material donations and educational support aligned with rural development needs, stimulates endogenous rural development momentum, and contributes to building harmonious and beautiful villages that are suitable for living and working. Taking social benefit as the foundation of our business development and serving the country through industry as our mission, the Company actively participates in social welfare initiatives such as donations for education, poverty alleviation and assistance for persons with disabilities, support for vulnerable groups, earthquake relief and disaster response, conveying warmth and goodwill through practical actions and contributing to the building of a better society.

Rural Revitalisation and Social Welfare Practices of the Company

The Company supported the "United in Fellowship, Welfare Lottery Nurtures Young Lives" study tour for children in difficult circumstances, bringing corporate warmth to the study tour through volunteer services.

Kingfa Medical donated medical supplies to Suixi County, Zhanjiang, supporting the "High-quality Development Project for Hundred Counties, Thousand Towns and Ten Thousand Villages" through practical actions.

Zhuhai Vanteque Specialty Engineering Plastics organised a public welfare tree-planting activity, steadfastly fulfilling its mission as a corporate citizen.

Wuhan Kingfa donated fitness equipment to Huangling Primary School, supporting the healthy growth of children and adolescents.

Case **Supporting Agriculture Through Public Welfare to Empower Rural Revitalisation**

To thoroughly implement the national rural revitalisation strategy, the Company actively carried out public welfare initiatives to support agriculture, focusing on the development of distinctive agricultural industries. By directly procuring regional specialty agricultural products, the Company built a bridge of consumption-based support for rural farmers, helping to promote agricultural product brands and improve quality and efficiency across the industry.

In 2025, the Company drove stable income growth for farmers through actual consumption, effectively alleviating difficulties in the sale of agricultural products, and established a virtuous cycle of empowering enterprise consumption, increasing farmers' stable income, and revitalising rural industries. In the future, the Company will continue to deepen its public welfare initiatives to support agriculture, practise ESG principles through concrete actions, and contribute corporate strength to comprehensively advancing rural revitalisation.

Case **Establishing University Scholarships to Support Talent Development**

To promote the high-quality development of education and encourage young students to study diligently and pursue rigorous academic research, the Company has continued to deepen university-enterprise cooperation. In 2025, the Company donated a total of RMB 3.05 million in scholarships to nearly 20 universities across the country, benefiting 386 students with outstanding academic and moral performance. Through concrete actions, the Company supported talent cultivation in higher education, delivered more outstanding professionals to society, and demonstrated our corporate responsibility in valuing culture and education.

Zhuhai Vanteque Specialty Engineering Plastics organised "Role Models Entering Campus", conveying positive energy to society.

Wuhan Kingfa organised community outreach activities, building a "bridge of love" between the enterprise and the community.

During the reporting period:

- The amount invested in social welfare (including rural revitalisation) was RMB **7,442,200**.

Strengthening Resilient Governance to Lead the Future of Materials

The Company upholds a standardised and transparent governance philosophy, and has established a decision-making and supervision system with clear powers and responsibilities. The Company has integrated risk prevention and control and compliance management into daily operations, adhered to the bottom line of business ethics, contributed to fostering a fair and equitable competitive environment, and promoted the long-term sustainable development of the economy and society.

Highlight performance:

- The information disclosure work was evaluated as: **A**
- Number of corruption-related litigation cases: **0**

SDGs benchmarking:

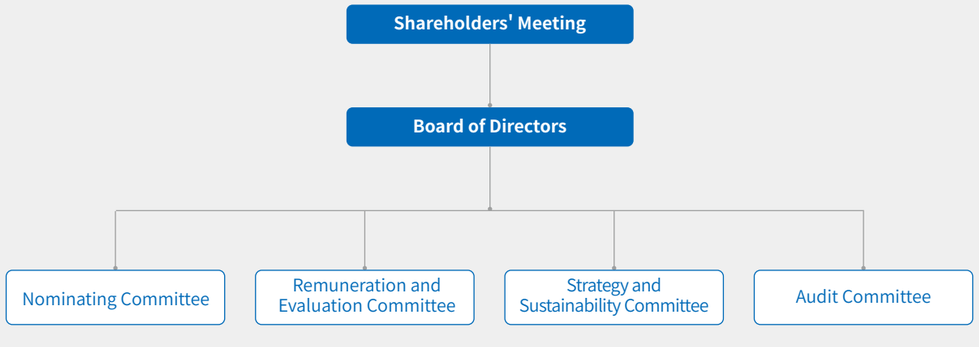
Corporate Governance

Governance

The Company complies with laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies and the Guidelines for the Articles of Association of Listed Companies, and has formulated internal systems such as the Articles of Association of Kingfa Sci. & Tech. Co., Ltd. and the Rules of Procedure for the Shareholders' Meeting of Kingfa Sci. & Tech. Co., Ltd. and the Rules of Procedure for the Board of Directors of Kingfa Sci. & Tech. Co., Ltd., thereby establishing a sound and comprehensive corporate governance structure, standardising the Company's operations, and safeguarding the lawful rights and interests of shareholders and investors.

In 2025, in accordance with the provisions of relevant laws, regulations and normative documents, and in light of our actual operating circumstances, the Company abolished the Board of Supervisors and transferred all of its functions and powers to the Audit Committee of the Board of Directors, in order to enhance supervisory efficiency and strengthen supervisory independence.

Corporate Governance Structure of the Company



Strategy

A sound corporate governance system is of great significance in promoting healthy competition and orderly development in the capital market. Disorder in corporate governance may give rise to conflicts of interest between shareholders and management, loss of control over the management of connected transactions, leakage of inside information, and other issues, thereby triggering systemic crises and undermining the foundation of the Company's development. By contrast, standardised corporate operations and transparent information disclosure can enhance market recognition, maintain investor confidence, and strengthen the Company's long-term competitiveness.

Analysis of Risks and Opportunities Related to Corporate Governance of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Governance disorder risk	A scientific and well-developed governance structure can effectively ensure the efficient operation of our decision-making mechanisms and standardised and transparent information disclosure, thereby safeguarding the lawful rights and interests of shareholders, reinforcing a sound market reputation, and avoiding regulatory penalties and litigation risks.	Long term	Reduced operating revenue Increased operating costs
Resource efficiency opportunity	Standardised and efficient corporate governance can reduce the costs of information transmission and management coordination, improve the efficiency of strategic resource allocation, and enhance the Company's performance and market competitiveness.	Medium and long term	Reduced operating costs

The Company adopts strategies including Board diversity, transparent information disclosure and standardised investor management, promotes scientific and rational decision-making as well as efficient and effective implementation, effectively enhances investor confidence, optimises its capital market image, and thus injects long-term momentum into the Company's sustainable and high-quality development.

Impact, Risk and Opportunity Management

The Company has established management processes for corporate governance-related impacts, risks, and opportunities, and enhanced governance effectiveness by improving the corporate governance structure, as well as by ensuring effective information disclosure and investor relations management.

Standardised and Effective Operation

The Company operates in strict accordance with the requirements of relevant laws, regulations, and normative documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Stock Listing Rules of the Shanghai Stock Exchange, continuously improves and refines our corporate governance structure, and enhances the effectiveness of corporate governance.

2025 Performance of Duties by the Board of Directors of the Company

Effectiveness of the performance of duties of the Board of Directors

- The Board of Directors carried out its work in strict accordance with relevant provisions such as the Articles of Association and the Rules of Procedure for the Board of Directors. The number and composition of Board members complied with the requirements of laws and regulations. The convening and holding of Board meetings, the review of proposals, and decision-making procedures were lawful and compliant. Directors diligently and conscientiously performed their duties.
- The Board of Directors has established four special committees, namely the Strategy and Sustainability Committee, the Nominating Committee, the Remuneration and Evaluation Committee, and the Audit Committee. Each special committee has clearly defined responsibilities and operates effectively, ensuring the efficient operation and sound decision-making of the Board of Directors.

Board independence

- The Company attached great importance to the independence of the Board level, formulated and periodically revised the Independent Director Work System, and attached importance to independent directors holding a majority of seats on the special committees under the Board of Directors, so as to ensure the independence of the operation of the special committees, strengthen the fairness of decision-making by the Board of Directors, and safeguard the legitimate rights and interests of all shareholders, especially small and medium-sized shareholders.

Board diversity

- The Company attached importance to Board diversity and incorporates factors such as gender, age, and professional background into the Nominating Committee's criteria in the director nomination process. The Company believed that directors with diverse backgrounds help the Board of Directors better oversee the Company's management and operations, assess the risks and opportunities of the Company's business model from different perspectives, and promote the formation of an equal, inclusive, and open culture.

Management of directors and senior managers

- The Company established and improved sound management mechanisms for directors and senior managers, strengthened control over key aspects such as remuneration incentives, changes in shareholdings, and handover upon departure, prevented conflicts of interest, and safeguarded the lawful rights and interests of the Company and shareholders. During the reporting period:
  - The Company revised the Remuneration Management System for Directors and Senior Managers, improved the management performance evaluation and incentive and restraint mechanism that is highly aligned with shareholders' interests, and, by closely linking management remuneration to Company performance, helped enhance the Company's operational efficiency and profitability, so as to better maximise shareholders' interests.
  - The Company revised the Management System for Shares Held by Directors and Senior Managers of the Company and Changes Thereto, strengthening the standardised management of shares held by directors and senior managers of the Company.
  - The Company newly formulated the Resignation Management System for Directors and Senior Managers, standardising matters relating to the resignation of directors and senior managers, ensuring the stability and continuity of the Company's governance structure, and safeguarding the legitimate rights and interests of the Company and shareholders.

During the reporting period, the Company convened

- **4** shareholders' meetings, at which a total of **20** proposals were considered and approved;
- **13** meetings of the Board of Directors, with a total of **67** proposals considered and approved;
- The Board of Directors has established an Audit Committee, a Remuneration and Evaluation Committee, a Nominating Committee, and a Strategy and Sustainability Committee under it, and held a total of **13** meetings, at which **22** proposals were considered and approved.

Conflict of Interest Management

The Company will always uphold the principles of fairness and transparency, avoiding behaviours that might lead to conflicts of interest as far as possible. The Company continues to establish and improve its conflict of interest management system, requiring employees and partners to identify and report conflicts of interest in business activities. In addition, the Company enhances employees' awareness and alertness to conflicts of interest through training and education, and ensures that employees can consciously abide by the Company's policies on conflicts of interest.

Transparent Information Disclosure

The Company strictly complies with Measures for the Administration of Information Disclosure by Listed Companies, has formulated and implemented the Information Disclosure Management System, and discloses matters related to the Company's operations and governance to the public through periodic and ad hoc announcements in a truthful, accurate, complete, timely, and fair manner, strictly fulfilling the information disclosure obligations of a listed company, objectively and comprehensively presenting the Company's performance in operations and corporate governance, and safeguarding the legitimate rights and interests of investors and other stakeholders.

Investor Relations Management

The Company practises the development philosophy of a listed company that is investor-oriented, formulates the Investor Relations Management System, establishes a regular communication and exchange mechanism with the capital market, and accurately conveys the Company's value through diversified channels. The Company has also enhanced investor returns and supported the healthy development of the capital market by promoting the implementation of various measures such as continuous cash dividends and share buy-backs.

Indicators and Targets

The Company continuously improves its corporate governance standards and sets the goal of ensuring that the Board of Directors performs its duties effectively, and that information disclosure contains no false records, misleading statements, material omissions, or major errors. In 2025, the Company successfully achieved the relevant goals, using the strength of compliance to support our steady and long-term development.

- **External Honours:**

- Received an "A" rating in 2024-2025 information disclosure work from the Shanghai Stock Exchange
- Received the Most Investment Value Award from China Securities Journal's "27th Listed Companies Golden Bull Awards"
- Received Xueqiu Annual Golden List "2024 Investor Relations Management Award"
- Received P5W's "Outstanding Market Value Management Award" and "Outstanding Small and Medium Investor Concern Award"
- The Company's Board Secretary received New Fortune Multimedia's "New Fortune Gold Board Secretary", Securities Times' "New Fortune Magazine Best Board Secretary Award", China Securities Journal's "Golden Bull Board Secretary Award", and Securities Times' "Listed Company Sunshine Board Secretary Award"

Compliance and Risk Management

Governance

The Company adheres to the risk management philosophy of "prevention first, supported by control", and has formulated internal systems such as the Risk Diagnosis Processes and the Provisions on the Implementation and Management of Audit Projects, providing institutional support for the effective implementation of internal control and risk management.

The Company has established a compliance and risk control management system composed of the Board of Directors, various departments, the legal affairs department, and the audit department. The Audit Committee of the Board of Directors is responsible for coordinating the Company's compliance and risk management, and has formed the "three lines of defence" of internal control, to ensure effective compliance and risk control management before, during, and after events, thereby safeguarding the Company's long-term and steady development.

Three Lines of Defence for Internal Control of the Company

First line of defence	Second line of defence	Third Line of Defence
• All departments of the Company are responsible for compliance and risk management, taking the lead in and being accountable for compliance risk management and control within the respective system.	• The Legal Affairs Department is a general compliance management department, which shall organise, coordinate and supervise the compliance management, to provide compliance support for the departments responsible for compliance management.	• The Audit Department shall audit and evaluate the compliance of operations management and the effectiveness of internal control.

Strategy

The Company's business chain is relatively long, with multiple management levels, creating a certain risk of internal control failure. At the same time, as the Company's globalisation strategy continues to advance and subsidiaries have been established in Europe, Southeast Asia and other regions, the complex tax regulations in different countries and regions place higher demands on the Company's global risk control capabilities.

Analysis of Compliance and Risk Management Risks and Opportunities of the Company

Major Risk/Opportunity	Specific Description	Scope of Impact	Financial Impact
Internal control risk	There may be deficiencies in system design or inadequate implementation in key business processes such as procurement tendering, fund payments, inventory management and sales credit extension, which may easily lead to asset losses or reduced operational efficiency.	Medium and long term	Increased operating costs
Tax compliance risk	The Company's misunderstanding of changes in host-country tax laws and the applicable conditions of tax treaties may lead to underpayment of taxes, late filing, or double taxation, thereby resulting in fines, late payment surcharges, or reputational damage.	Medium and long term	Increased operating costs
Overseas legal and regulatory risk	Different countries have differences in legal environment, labour employment, environmental standards, and data protection. If the Company fails to adapt in a timely manner, the Company may face legal proceedings or business interruption.	Medium and long term	Legal costs and business losses
Weak compliance culture risk	If employees have an insufficient understanding of compliance requirements or lack the willingness to implement them, this may render systems ineffective and increase the likelihood of compliance breaches.	Medium and long term	Compliance penalties and reputational damage
Third-party cooperation risk	If third-party partners such as suppliers and agents have compliance issues, they may adversely affect the Company's reputation or business continuity.	Short, medium, and long term	Reputational damage and breach of contract

The Company attaches great importance to compliance and risk management, and has established a dual-layer prevention and control system integrating action and awareness. At the action level, the Company strengthens internal audit and process management and control; at the awareness level, the Company continues to carry out compliance training and culture building. At the same time, the Company actively identifies and seizes the strategic and operational opportunities arising in the process of risk management, transforming compliance capabilities into a competitive advantage.

Impact, Risk and Opportunity Management

The Company has established systematic risk diagnosis processes to regularly identify, assess, and review various risks in our business activities. In response to identified risks, the Company adopts preventive and control measures such as internal audit, compliance training, and tax management to reduce the likelihood of risk occurrence and mitigate potential adverse impacts.

2025 Key Initiatives for Compliance and Risk Management of the Company

Internal control and audit

- Improved internal control systems for key business processes such as procurement tendering, fund payments, inventory management, and sales credit management, and clarified approval authorities and operating procedures.
- Conducted regular internal audits and special inspections, with a focus on high-risk areas and overseas subsidiaries.
- Established whistleblowing and feedback mechanisms, and encourage employees and third parties to report potential issues through compliant channels.

Tax compliance management

- Strictly complied with the tax laws and regulations of all jurisdictions in which the Company operates globally, fulfilled tax filing and information disclosure obligations in accordance with the law, and paid all taxes on time.
- Ensured that the tax team dynamically tracked changes in direct and indirect taxes for each entity, and assessed the potential impacts of new tax legislation and policies.
- For major transactions and cross-border business, conducted tax impact assessments in advance and, where necessary, engaged external professional tax advisers.
- Continuously optimised the tax management system, and established tax risk early warning and response mechanisms.

Compliance training and culture building

- Provided regular specialised training on compliance and risk management for management and personnel in key positions.
- Incorporated compliance requirements into the employee performance appraisal system to strengthen accountability awareness.
- Enhanced all employees' ability to identify and prevent risks through internal communication, case sharing, and other means.

Overseas risk management

- For key regions such as Europe and Southeast Asia, established localised compliance management mechanisms, and assigned or liaised with local compliance personnel.
- Regularly collected and analysed changes in the host countries' laws and regulations, and promptly adjusted business and management processes.
- Established emergency response plans for overseas risk incidents, and clarified reporting lines and handling responsibilities.

Third-party risk management

- Conducted due diligence on important third-party partners such as suppliers, agents, and consulting firms.
- Specified compliance clauses in contracts, and stipulated supervision and exit mechanisms.
- Regularly assessed third-party cooperation risks, and established dynamic management records.

Risk monitoring and reporting mechanism

- Established a Company-level risk database to uniformly identify, assess, and track various risk events.
- Regularly submitted risk management reports to management and the Board of Directors to ensure the timely communication of risk information.
- Used information-based tools to carry out dynamic monitoring and early warning of key risk indicators.

Indicators and Targets

The Company formulates internal control and compliance management objectives, regularly monitors indicators such as the number of internal audit projects and the risk rectification rate, accurately identifies weak links and risk points in internal control, promptly adopts targeted optimisation measures, promotes the continuous iteration and upgrading of the risk control and compliance system, ensures that internal control is robust and effective, and ensures the Company's long-term stable operation.

Anti-commercial Bribery and Anti-corruption

Governance

The Company adheres to lawful compliance and honest operations, strictly complies with the requirements of relevant laws and regulations such as the Criminal Law of the People's Republic of China and the Company Law of the People's Republic of China, and has formulated internal systems such as the Business Ethics Policies, the Management Regulations for Protection against Commercial Bribery, the Operational Standards for Handling Audit and Supervision Cases and the Code of Conduct for Auditors, systematically building an anti-corruption management mechanism, continuously strengthening the line of defence for integrity, and ensuring that business ethics standards are integrated into the entire process of operation and management.

Anti-corruptionManagement Mechanism of the Company

Audit Department

- Be responsible for the assessment and control of the Company's integrity risks, and be responsible for identifying integrity risks across all departments and positions.
- Be responsible for conducting regular integrity inspections of all departments. If any integrity issues are identified, report these to the General Manager, and formulate control measures.
- Organise role-based integrity training for all employees across all departments, strengthening employees' awareness of integrity.

All departments of the Company

- Assist the Audit Department in regularly conducting self-inspections of integrity issues within the department. If any issues are identified, report them promptly to the Audit Department and the General Manager, and formulate corrective and preventive measures.
- Organise focused follow-up on positions in the department with integrity risks, and formulate corresponding management measures.

Strategy

To strengthen the integrity defence line, the Company carries out systematic identification and assessment of fraud risks such as commercial bribery and occupational embezzlement, so as to prevent potential risks, ensure the stable development of all business operations, and avoid economic losses.

Analysis of Anti-commercial Bribery and Anti-corruption Risks and Opportunities of the Company

Major Risk/ Opportunity	Specific Description	Scope of Impact	Financial Impact
Integrity risk	Employee corruption will erode the foundations of fair market competition and undermine the organisational culture and ecosystem; if business orders are obtained through improper means such as commercial bribery, this will lead to regulatory penalties and legal liabilities, and will also damage brand reputation and trigger a market trust crisis, thereby weakening the Company's sustainable development capabilities and long-term competitive advantages.	Medium and long term	Increased operating costs Reduced operating revenue

Impact, Risk and Opportunity Management

The Company has established anti-commercial bribery and anti-corruption management processes covering the entire chain of "prevention, identification, investigation, and handling", forming a long-term mechanism featuring strict prevention at the source, rigorous control throughout the process, and severe punishment for violations, effectively preventing integrity risks and fostering a sound environment for entrepreneurship and business development.

Anti-commercial Bribery and Anti-corruption Management Processes of the Company

Prevention

- **For employees:** The Company formulates regulations such as the Regulations on the Management of Receiving Gifts in the Course of External Official Duties and the Management Regulations on Employee Code of Conduct to comprehensively standardise and regulate employee conduct;
- **For suppliers:** The Company requires all suppliers engaged in transactions to sign the Integrity Commitment Letter, and incorporates relevant business ethics requirements into supplier assessment and evaluation, jointly maintaining a clean and upright market environment with our partners.

Identification

- **Proactive identification:** The Company reviews the compliance of personnel, funds, and business transactions during audits, identifies and assesses integrity risk points, and requires rectification in accordance with the relevant requirements.
- **Passive awareness:** The Company issues announcements and has established telephone and email reporting channels, encouraging the persons concerned and informed persons to expose and report corrupt practices, and takes measures to protect the rights, interests, and privacy of whistleblowers, ensuring that they do not suffer retaliation.

Investigation

- **Audit department:** It is responsible for collating and analysing clues relating to corruption issues, and for organising and coordinating the verification of clues, case filing, review, investigation and other related work;
- **Other departments:** These departments are responsible for cooperating with the Audit Department in review and investigation work, providing relevant materials, and assisting in completing interviews and evidence collection.

Disposal

- **For employees who violate regulations:** The Company confiscates all illicit gains from bribery, and imposes relevant education and administrative sanctions according to the severity of the circumstances; where the circumstances are particularly serious, the Company transfers the case to the judicial authorities for criminal liability to be pursued;
- **For suppliers who violate regulations:** The Company notifies and supervises the corresponding departments of the Company connected with the relevant entities, and issues written warning letters; where the circumstances are serious, the Company resolutely revokes their qualifications as suppliers, service providers, etc.; where this constitutes the crime of commercial bribery (bribe-giving), the Company transfers the case to the judicial authorities for criminal liability to be pursued.

To foster an organisational atmosphere of integrity and probity, the Company has established a sound business ethics training system, comprehensively deepened special initiatives on fraud prevention and education, and provided business ethics training for all employees, with a precise focus on new hires and employees in key positions, implementing a tiered and categorised training plan to enhance the awareness of integrity and compliance in professional conduct among relevant personnel.

2025 Implementation of Integrity Training of the Company

New employees

- Delivered the themed training of "Integrity in Professional Practice, Constant Alarm for Discipline", interpreted the origin, significance, and management requirements of integrity culture as well as internal and external typical cases, compiled training materials tailored for new employees, and designated the course as a compulsory onboarding programme for new employees via the "Kingfa e-Enterprise Learning" platform.

Employees in key positions

- Held the themed training of "Zero Tolerance for Fraud, One Hundred Percent Integrity", conducted training on high-risk scenarios for key positions such as procurement, sales and administration through typical cases.

Indicators and Targets

The Company has formulated a "Zero Corruption" business ethics management target, tracked indicators such as employee coverage of business ethics training and average business ethics training hours per employee, preventing business ethics risks and facilitating the formation of a clean and upright organisational ecosystem.

2025 Anti-commercial Bribery and Anti-corruption Targets and Progress of the Company

Indicator	Unit	Target	Achievement Status in 2025
Corruption-related litigation cases	case	0	No related litigation occurred, achieved

Anti-unfair Competition

As a leading enterprise in the global new materials sector, the Company has formulated the Management Regulations on Anti-monopoly and Anti-unfair Competitions to ensure that our operations comply with national anti-monopoly and anti-unfair competition laws and regulations, uphold a fair and orderly market environment, and safeguard the legitimate rights and interests of the Company and stakeholders.

Anti-monopoly and Anti-unfair Competition Management Initiatives of the Company

Dimension	Specific Measures
Anti-monopoly	**Monitor monopoly agreements:** Establish a regular review mechanism to screen agreements and communications with competitors, suppliers, distributors, etc., and prevent monopolistic conduct involving sensitive areas such as prices, output, market allocation, and technology sharing.
	Prevent the abuse of market dominance: Assess the Company's market position through market research, formulate self-inspection plans, price products in accordance with the principles of cost-plus pricing and the dynamic balance of market supply and demand, and avoid practices such as price discrimination.
	Ensure proper management of merger control filing declarations: Track projects such as mergers and acquisitions, equity acquisitions, and other transactions that may trigger concentration of undertakings, assess in advance whether the filing thresholds are met, and initiate the filing process.
Anti-unfair competition	**Eliminate misleading consumer practices:** Formulate brand usage standards, conduct infringement searches, and prevent counterfeiting and practices that mislead consumers.
	Control false advertising: Make promotional materials reviewed by the legal affairs personnel to ensure that the content is true and accurate, and establish a rapid response mechanism for customer feedback.
	Protect commercial secrets: Clearly define the scope of commercial secrets, implement graded and categorised management, safeguard information security, and enforce stringent departure handover procedures.

In addition, the Company incorporates anti-monopoly and anti-unfair competition training into its annual plan and has established special training courses for new employees. The Company also provides specialised training and regular assessments for employees in high-risk and important positions, continuously strengthening the compliance awareness of all employees and safeguarding a fair, orderly, and healthy competitive market environment.

ESG Data Tables and Notes

Environmental Data Table

Indicator	Unit	2023	2024	2025
Energy Consumption[1]				
Total energy consumption	tonne of standard coal	726,592.85	700,672.01[2]	817,307.84
Energy consumption intensity (RMB 10,000 revenue)	tonne of standard coal/RMB 10,000 revenue	0.1516	0.1158	0.1250[3]
Direct energy consumption	tonne of standard coal	150,457.58	162,094.21	388,380.49[4]
Indirect energy consumption	tonne of standard coal	576,135.27	538,577.80	428,927.35
Clean energy consumption	tonne of standard coal	/	145,550.01	244,907.43
Natural gas	standard cubic metre	123,191,806.09	117,455,504.36	193,250,876.62[4]
Diesel	tonne	594.17	622.28	724.76
Coal water slurry	tonne	424,676.00	275,920.61	281,400.75
Purchased electricity	10,000 kWh	200,063.04	274,143.50	324,775.55
Purchased steam	tonne	9,684,979.37	5,913,649.19	873,260.74[5]
Photovoltaic power generation (self-generation for self-use)	10,000 kWh	1,334.00	2,379.00	8,334.33[4]
Greenhouse Gas Emissions				
Scope 1 greenhouse gas emissions	tonne of CO_2 equivalent	1,381,905.88	794,353.21	975,816.39[4]
Scope 2 greenhouse gas emissions (location-based)	tonne of CO_2 equivalent	2,175,638.85	2,083,880.23	2,158,935.39[4]
Total greenhouse gas emissions (Scope 1 + Scope 2)	tonne of CO_2 equivalent	3,557,544.73	2,878,233.44	3,134,751.78[4]
Carbon emission intensity per unit product of domestic modified plastics (Scope 1 + Scope 2)	tonne of CO_2 equivalent/tonne of product	0.1317	0.1338	0.1305
Scope 3 greenhouse gas emissions	tonne of CO_2 equivalent	10,770,711.92	11,098,086.37	14,483,619.81[4]
Water Resource Consumption				
Total water consumption	tonne	13,082,585.00	14,947,896.89	15,849,445.56
Of which: Municipal water use	tonne	10,627,435.00	12,561,236.89	13,147,312.26
Desalted water	tonne	2,452,794.00	2,333,191.00	2,702,133.30
Groundwater	tonne	2,356.00	53,469.00	0
Water resource consumption intensity (per RMB 10,000 revenue)	tonne/RMB 10,000 revenue	2.73	2.47	2.42
Recycled/reused water volume	tonne	/	126,708.00	926,090,831.30[4]
Pollutant Discharge				
Total waste gas emissions	cubic metre	21,795,515,009.00	22,865,427,592.00	39,467,587,200.00[4]
Particulate matter	tonne	753.820625	91.96	55.63[6]
Non-methane total hydrocarbons	tonne	127.673	163.54	895.62[4]
Nitrogen oxides	tonne	106.111583	80.72	367.88[4]
Sulphur oxides	tonne	53.434989	41.24	79.11[4]
VOCs emissions	tonne	1,446.83	548.94	493.70[6]
Total wastewater discharge	tonne	5,434,078.10	4,760,944.73	6,610,836.90[4]
Of which: Industrial wastewater discharge volume	tonne	/	/	5,984,948.57
Domestic wastewater discharge volume	tonne	/	/	625,888.33
COD	tonne	238.711	379.97	826.39[4]
Five-day BOD (BOD_5)	tonne	45.819	41.95	182.95[4]
Ammonia nitrogen	tonne	6.055	31.95	15.74[7]
Total phosphorus	tonne	1.822	3.88	5.42[4]
Waste Disposal				
Total waste discharge	tonne	20,873.35	21,109.84	67,596.59[4]
Of which: Non-hazardous waste discharge volume	tonne	12,025.18	10,175.39	51,732.70[4]
Hazardous waste discharge volume	tonne	8,848.17	10,934.45	15,863.89[4]
High-level radioactive waste discharge	tonne	0	0	0
Circular Economy				
Total amount of waste recycled/reused	tonne	/	8,916.94	6,506.39
Consumption of renewable resources	tonne	/	/	170.46
Proportion of renewable resource consumption to total consumption of the corresponding resource	%	/	/	2.23
Environmental Protection Investment				
Total environmental protection investment	RMB 10,000	6,689.70	10,765.80	22,743.57

[1]In 2025, the Company revised the energy consumption data for 2023 and 2024 based on the standard coal conversion coefficients and instances of double counting of energy. At the same time, the scope of statistics for energy consumption and greenhouse gas emissions data was further expanded, with Liaoning Kingfa Biomaterials newly added in 2025 compared with 2024.

[2] In 2024, total energy consumption decreased compared with 2023, mainly because Liaoning Kingfa's production facilities were shut down for maintenance or operated at low load in 2024, resulting in reduced natural gas consumption.

[3] In 2025, due to the decrease in the unit price of the Company's products, energy consumption intensity increased.

[4] In 2025, the Company built and commenced operations at multiple factories, and production capacity increased; therefore, multiple environmental data points increased significantly compared with 2024.

[5] Steam consumption of Ningbo Kingfa accounted for a relatively high proportion of overall energy use. In 2025, Ningbo Kingfa's energy structure was adjusted, and no external steam purchases occurred. Therefore, the Company's total externally purchased steam decreased significantly year-on-year.

[6] New factories gave priority to adopting RTO and RCO equipment with stronger particulate matter and VOC treatment capabilities, with treatment efficiency reaching above 95%; existing factories also gradually brought RTO equipment into use. Therefore, although production capacity increased, thanks to the improvement in waste gas treatment capabilities, particulate matter and VOCs emissions decreased.

[7] The decrease in ammonia nitrogen emissions was mainly due to the successive shutdown and major maintenance of all factory units at Liaoning Kingfa in 2025, during which only a small amount of maintenance wastewater was generated.

Employee Data Table

Indicator		Unit	2023	2024	2025
Employee Employment					
Total number of employees		person	10,629	13,083	14,111
By gender	Number of male employees	person	8,541	10,447	11,212
	Number of female employees	person	2,088	2,636	2,899
By age	Number of employees aged 30 and under	person	3,579	4,448	4,682
	Number of employees aged over 30 to 50	person	6,158	7,585	8,302
	Number of employees aged over 50	person	892	1,050	1,127
By region	Number of employees working in the Chinese mainland	person	10,217	12,273	13,195
	Number of employees working in Hong Kong, Macau, Taiwan, and overseas	person	412	810	916
By educational background	Number of employees whose highest academic qualification is a doctoral degree	person	168	212	260
	Number of employees whose highest academic qualification is a master's degree	person	1,136	1,364	1,750
	Number of employees whose highest academic qualification is a bachelor's degree	person	2,849	3,249	3,706
	Number of employees whose highest education level is junior college and below	person	6,476	8,258	8,395
Number of ethnic minority employees		person	/	/	785
Number of employees with disabilities		person	/	/	97
Number of military transferees received during the year		person	/	/	30
Employee Turnover					
New employee ratio		%	23	25	20
Employee turnover ratio		%	19	24	24
Employee Training					
Employee education funds (including total employee training expenditure)		RMB	/	/	5,640,862.26
Number of employee training sessions		time	/	/	4,167

Indicator	Unit	2023	2024	2025
Total number of employees receiving training	person	10,658	13,083	14,111
Number of male employees receiving training	person	8,565	10,458	11,212
Number of female employees receiving training	person	2,093	2,625	2,899
Coverage of employee training	%	100	100	100
Total training hours received by employees	hour	440,232.29	520,583.70	553,686.40
Total training hours received by male employees	hour	340,458.75	390,486.10	414,315.90
Total training hours received by female employees	hour	99,773.54	130,097.60	139,370.50
Average training hours received by employees	hour	41.42	44.60	39.24
Average training hours received by male employees	hour	39.75	37.34	36.95
Average training hours received by female employees	hour	47.67	49.56	48.08
Amount invested in employee work safety liability insurance	RMB 10,000	/	/	85.98
Number of employees covered by work safety liability insurance	person	/	/	3,604
Employee work safety liability insurance coverage rate[1]	%	/	/	25.54
Amount invested in work-related injury insurance	RMB 10,000	/	/	573.98
Number of employees covered by work-related injury insurance	person	/	/	14,111
Employee work-related injury insurance coverage rate	%	/	/	100

[1] The general industrial and trade sectors do not fall within the scope of compulsory enrolment in work safety liability insurance. According to relevant policy requirements, only hazardous chemicals enterprises are required to take out work safety liability insurance. The coverage rate of work safety liability insurance in the Company's petrochemical sector and new materials sector was 100%.

Innovation-driven Data Table

Indicator	Unit	2023	2024	2025
R&D investment	RMB 10,000	197,295.44	248,984.13	276,113.27
Proportion of R&D investment to operating revenue	%	4.12	4.11	4.22
Number of R&D personnel	person	1,521	1,622	1,642
Proportion of R&D personnel	%	14.31	12.40	11.64
Number of valid invention patents at the end of the reporting period[1]	item	/	/	2,886
Number of invention patent applications during the reporting period[1]	item	/	558	686
Number of invention patents granted during the reporting period[1]	item	/	409	420

[1] Including domestic and foreign patents.

Product and Service Quality Data Table

Indicator	Unit	2023	2024	2025
Amount involved in damages from major liability accidents related to product safety and quality during the reporting period	RMB 10,000	/	/	0.00
Handling rate for complaints received regarding products and services	%	/	100	100
Customer satisfaction (as a percentage)	%	/	91.30	93.80
Amount involved in data security incidents	RMB 10,000	/	/	0.00
Amount involved in customer privacy breach incidents	RMB 10,000	/	/	0.00

Sustainable Supply Chain Management Data Table

Indicator	Unit	2023	2024	2025
Total number of suppliers (end of period)	/	8,307	9,780	11,165
Number of suppliers in the Chinese mainland (end of period)	/	8,009	9,103	10,634
Number of suppliers in Hong Kong, Macao, Taiwan and overseas regions (end of period)	/	298	677	531
Percentage of suppliers that signed the Supplier Code of Conduct	%	100	100	100
Percentage of suppliers that signed clauses including environmental, labour and human rights requirements	%	100	100	100
Total number of new suppliers	/	1,608	1,473	1,483
Percentage of new suppliers screened using environmental criteria	%	100	100	100
Percentage of new suppliers screened using social criteria	%	100	100	100
Sustainable procurement training coverage for purchasing specialists	%	100	100	100

Rural Revitalisation and Contributions to the Society Data Table

Indicator	Unit	2023	2024	2025
Investment in rural revitalisation	RMB 10,000	/	/	311
Number of people benefiting from rural revitalisation[1]	person	/	/	120
Amount invested in social welfare (including rural revitalisation)	RMB 10,000	635	238.30	744.22[2]
Employee volunteer service participation	person-time	/	/	76
Duration of volunteer activities conducted	hour	/	/	542

[1] The number of people benefiting from rural revitalisation in 2025 is an estimated figure. In 2025, the Company's rural revitalisation practices benefited 48 households. According to China Statistical Yearbook 2025, the national average househ

[2] In 2025, the Company actively practised ESG principles, and continued to increase its proactive investment in areas such as rural revitalisation and educational support.

Anti-commercial Bribery and Anti-corruption Data Table[1]

Indicator	Unit	2025
Proportion of directors covered by anti-commercial bribery and anti-corruption training	%	100
Proportion of management-level employees covered by anti-commercial bribery and anti-corruption training	%	100
Proportion of employees covered by anti-commercial bribery and anti-corruption training	%	100

[1] Business ethics training includes areas such as anti-bribery and anti-corruption, and anti-unfair competition, and is mainly conducted through regular/irregular communication and promotion via the OA system, covering all employees.

Main Participatory Domestic Associations and Organisations

Unit	Association/Organisation	Position Held
The Company	China National Light Industry Council	Vice president unit
	China Plastics Processing Industry Association	Vice president unit
	Plastic Carbon Neutrality Working Group of the National Technical Standardisation Committee on Plastics	Director and member unit
	Technical Subcommittee on Modified Plastics of the National Technical Standardisation Committee on Plastics	Director and member unit
	China Synthetic Resin Association	Standing council member unit
	ABS Branch of China Synthetic Resin Association	Member unit
	China Association of Automobile Manufacturers	Vice president unit
	China Household Electrical Appliances Association	Member unit
	China Packaging Federation	Vice president unit
	Society of Competitive Intelligence of China	Ordinary member unit
	China Electronics Standardisation Institute (National Technical Standardisation Committee on National All-or-nothing Relays)	Committee member unit
	Working Group on Standards for Pollution Prevention and Control of Electrical and Electronic Products, Ministry of Industry and Information Technology	Member unit with full authorities
	China Association for Public Companies	Council member unit
	ICT Industry High Quality and Green Development Alliance	Standing council member unit
	China Industrial Association of Power Sources	Member
	Diancheren	Council member unit
Liaoning Kingfa	Panjin Petroleum and Chemical Industry Association	Executive vice president-level executive director unit
	National Acrylonitrile Production Technology Association Group	Member unit
	Panjin Precursor Chemicals Industry Self-discipline Association	Member unit
Ningbo Kingfa	Ningbo New Material Industry Association	Vice chairman
	Ningbo Petroleum and Chemical Industry Association	Vice president
	Ningbo Beilun District Enterprise Federation (Entrepreneur Association)	Executive vice president
	Ningbo Plastics Industry Association	Vice president
	Ningbo Work Safety Association	Vice president
	Ningbo Beilun District Work Safety Association	Vice president
	Ningbo Beilun District Precursor Chemicals Management Association	Vice president
	Chemical Safety Association of Zhejiang Province	Executive director
	Ningbo Association of Special Equipment	Member
Guangdong Kingfa	Technical Subcommittee on Latex Products of the National Technical Standardisation Committee on Rubber and Rubber Products	Committee member unit
	Guangdong Medical Devices Management Academy	Supervisory unit
	China Nonwovens & Industrial Textiles Association	Member unit
	China Association for Medical Devices Industry	Member unit
	Guangdong Association for Medical Devices Industry	Standing council member unit
	Guangdong Food & Drug Technology Association for Evaluation & Certification	Council member unit
Kingfa Environmental	Professional Committee on Recycling of Plastics, China Plastic Processing Industry Association	Director unit
	Recycled PCR Self-discipline Organisation	Initiator
	Sustainability Working Group on Food Contact Materials	Member unit
	Green Recycle Plastic Supply Chain Group (GRPG)	Initiator

Overview of Certificates

System certification		The Company	Shanghai Kingfa	Jiangsu Kingfa	Wuhan Kingfa	Tianjin Kingfa	Chengdu Kingfa	Kingfa Environmental	Qingyuan Meijin	Zhuhai Vanteque Specialty Engineering Plastics	Kingfa Biomaterials	Guangdong Kingfa Composites	Guangdong Kingfa	Ningbo Kingfa	Liaoning Kingfa	Kingfa (USA)	Kingfa (Europe)	Chakan Factory of Kingfa (India)	Pondi Factory of Kingfa (India)	Manesar Factory of Kingfa (India)	Kingfa (Vietnam)	Number of certified based	Number of applicable based
Quality	ISO 9001	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19	20
	IATF 16949	✓	✓	✓	✓	✓	✓			✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	16	17
	GMP												✓									1	2
	ISO 13485												✓					✓				2	3
	QSR 820												✓									1	2
	MDSAP												✓									1	2
	MDR												✓									1	1
	5GONOGO								✓								✓	✓				3	4
Environment	ISO 14001	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			17	20
Occupational health and safety	ISO 45001	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓			✓	✓			14	20
Hazardous substances	QC 080000	✓					✓			✓												3	20
Laboratory	ISO/IEC 17025	✓	✓													✓		✓				4	20
Information security	ISO/IEC 27001	✓																				1	1
Sustainability	ISCC PLUS							✓		✓												2	3
	OK RECYCLED							✓														1	1
	GRS		✓	✓		✓		✓										✓			✓	6	7
Social responsibility	CSR(SA8000/RBA/ SMETA/IWAY)	✓						✓	✓				✓				✓					5	20
Measurement	ISO 10012	✓																				1	20
Intellectual property	GB/T 29490	✓		✓																		2	15
Brand certification	GB/T 27925	✓																				1	15
Energy	ISO 50001								✓								✓					2	20
Other	AEO	✓	✓			✓							✓	✓								5	15
	BRC (Packaging Materials)							✓					✓									2	3
	ISO 28000 (Supply Chain Security)								✓								✓	✓				3	20
	GSP (Quality Management System for Medical Device Operation)												✓									1	2
	GB/T23001 Integration of informatisation and industrialisation management systems				✓	✓																2	20

Benchmarking Index Table

Index Table of the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Topic	Clause No.	Corresponding Sections of This Report, Other Notes
Climate change tackling	Article 21	Climate Change Tackling
	Article 22	
	Article 23	
	Article 24	ESG Data Tables and Notes
	Article 25	
	Article 26	
	Article 27	Climate Change Tackling Energy Usage
	Article 28	Climate Change Tackling
Pollutant discharge	Article 30	Pollutant Discharge ESG Data Tables and Notes
Waste disposal	Article 31	Waste Disposal ESG Data Tables and Notes
Ecosystem and biodiversity protection	Article 32	Ecosystem and Biodiversity Protection
Environmental compliance management	Article 33	Environmental Compliance Management ESG Data Tables and Notes
Energy usage	Article 35	Energy Usage ESG Data Tables and Notes
Usage of water resources	Article 36	Usage of Water Resources ESG Data Tables and Notes
Circular economy	Article 37	Circular Economy ESG Data Tables and Notes
Rural revitalisation	Article 39	Rural Revitalisation and Contributions to the Society ESG Data Tables and Notes
Contributions to the society	Article 40	
Innovation-driven	Article 42	Innovation-driven ESG Data Tables and Notes
Ethics of science and technology	Article 43	As a modified plastics enterprise, the Company does not engage in scientific research, technology development, or other activities in science and technology ethics-sensitive fields such as life sciences and artificial intelligence, and this topic is not applicable.
Supply chain security	Article 45	Sustainable Supply Chain Management ESG Data Tables and Notes
Equal treatment to small and medium-sized enterprises	Article 46	Sustainable Supply Chain Management
Safety and quality of products and services	Article 47	Product and Service Quality ESG Data Tables and Notes
Data security and customer privacy protection	Article 48	Data Security and Customer Privacy Protection ESG Data Tables and Notes
Employees	Article 50	Employee Rights and Benefits Employee Training and Development Occupational Health and Safety ESG Data Tables and Notes
Due diligence	Article 52	Analysis of Material Topics
Communications with stakeholders	Article 53	Communications with Stakeholders
Anti-commercial bribery and anti-corruption	Article 55	Anti-commercial Bribery and Anti-corruption ESG Data Tables and Notes
Anti-unfair competition	Article 56	Anti-unfair Competition
Self-selected topics		
Corporate governance		Corporate Governance
Chemical safety		Chemical Safety
Compliance and risk management		Compliance and Risk Management

GRI Index

Instructions	Kingfa Sci. & Tech. Co., Ltd. prepared this Report with reference to the GRI Standards from 1 January 2025 to 31 December 2025.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure Item	Sections of This Report
General Disclosures		
GRI 2: General Disclosures 2021	2-1	About the Company
	2-2	Description of the Report Preparation

GRI Standards	Disclosure Item	Sections of This Report
GRI 2: General Disclosures 2021	2-3	Description of the Report Preparation
	2-4	ESG Data Tables and Notes
	2-6	About the Company
	2-7	Employee Rights and Benefits
	2-9	Corporate Governance
	2-10	
	2-11	
	2-12	Corporate Governance Sustainable Development Management System
	2-13	
	2-14	
	2-15	Corporate Governance
	2-16	Communications with Stakeholders
	2-17	Corporate Governance
	2-19	Corporate Governance Employee Rights and Benefits
	2-20	Employee Training and Development
	2-22	To Stakeholders
	2-25	Product and Service Quality Employee Rights and Benefits
	2-27	Environmental Compliance Management Compliance and Risk Management
	2-28	Main Participatory Domestic Associations and Organisations
	2-29	Communications with Stakeholders
	2-30	Employee Rights and Benefits
GRI 3: Material Topics 2021	3-1	Analysis of Material Topics
	3-2	
	3-3	Sections of each topic in the Sustainability Report
Economic		
GRI 201: Economic Performance 2016	201-2	Climate Change Tackling
	201-3	Employee Rights and Benefits
	201-4	Refer to the Annual Report
GRI 203: Indirect Economic Impacts 2016	203-1	Rural Revitalisation and Contributions to the Society

GRI Standards	Disclosure Item	Sections of This Report
GRI 205: Anti-corruption 2016	205-2	Anti-commercial Bribery and Anti-corruption
	205-3	
GRI 206: Anti-competitive Behaviour 2016	206-1	Anti-unfair Competition
GRI 207: Tax 2019	207-1	Compliance and Risk Management
	207-2	
Environment		
GRI 301: Materials 2016	301-2	Circular Economy
	301-3	
GRI 302: Energy 2016	302-1	Energy Usage ESG Data Tables and Notes
	302-2	
	302-3	
	302-4	
GRI 303: Water and Effluents 2018	303-2	Usage of Water Resources ESG Data Tables and Notes
	303-5	
GRI 304: Biodiversity 2016	304-1	Ecosystem and Biodiversity Protection
GRI 305: Emissions 2016	305-1	Climate Change Tackling ESG Data Tables and Notes
	305-2	
	305-3	
	305-4	
	305-5	
	305-7	
GRI 306: Waste 2020	306-1	Waste Disposal ESG Data Tables and Notes
	306-2	
	306-3	
	306-4	
GRI 308: Supplier Environmental Assessment 2016	308-1	Sustainable Supply Chain Management ESG Data Tables and Notes
	308-2	
Social		
GRI 401: Employment 2016	401-1	Employee Rights and Benefits ESG Data Tables and Notes
	401-2	

GRI Standards	Disclosure Item	Sections of This Report
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety ESG Data Tables and Notes
	403-2	
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	403-4	
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	403-7	
	403-8	
	403-9	
GRI 404: Training and Education 2016	404-1	Employee Training and Development ESG Data Tables and Notes
	404-2	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Corporate Governance Employee Rights and Benefits
GRI 406: Non-discrimination 2016	406-1	Employee Rights and Benefits
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	
GRI 408: Child Labour 2016	408-1	
GRI 409: Forced or Compulsory Labour 2016	409-1	
GRI 413: Local Communities 2016	413-1	Rural Revitalisation and Contributions to the Society
GRI 414: Supplier Social Assessment 2016	414-1	Sustainable Supply Chain Management ESG Data Tables and Notes
	414-2	
GRI 416: Customer Health and Safety 2016	416-1	Product and Service Quality
	416-2	
GRI 418: Customer Privacy 2016	418-1	Data Security and Customer Privacy Protection

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