

2022

Xiamen Jihong Technology Co., Ltd.

Environmental, Social and Governance Report



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About this Report



Notes to the Report

This report covers the efforts and achievements of Xiamen Jihong Technology Co., Ltd. (hereafter referred to as "Jihong Group" or the "Company") in fulfilling its corporate social responsibility and implementing its environmental, social, and governance (ESG) strategy throughout 2022.



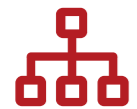
Period of Time

This report covers the period from January 1, 2022 to December 31, 2022.



Reporting Cycle

The ESG report is released annually. This is Jihong Group's first Environmental, Social and Governance (ESG) report.



Report Scope

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



Data Description

The financial data and the financial and audit reports referenced in this report are detailed in the *Xiamen Jihong Technology Co., Ltd. 2022 Annual Report*. Other data is primarily sourced from Jihong Group's internal statistics. Unless otherwise specified, all currency values presented in this report are denominated in the Chinese Renminbi (RMB).



Referenced Reporting Guidelines

This report has been prepared in accordance with the Shenzhen Stock Exchange's *Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operations for Main Board Listed Companies*. In preparing this report, we also consulted the Global Reporting Initiative's *GRI Standards* and the International Organization for Standardization's *ISO 26000 - Guidance on Social Responsibility*.



Access to the Report

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

Message from the Chairman

Responding to the call to implement national strategies and focusing on the development of digital e-commerce

In 2022, we proactively responded to the call to carry out national strategies of digital China and the Belt and Road Initiative, and constantly deepened precision marketing of cross-border e-commerce business to customers. We also steadily developed operations to business by offering comprehensive marketing and packaging design services to leading FMCG companies, and put our sustainable development philosophy into practice as an enterprise empowered by digitalization. We embrace our corporate spirit of focusing on entrepreneurship and forging ahead through difficulties and hold the business philosophy of simplicity, excellence, efficient collaboration, goal-oriented effort, and accountability for results. We are committed to fulfilling our social responsibility as a listed company to drive high-quality economic development, environmental protection, social contribution, and corporate governance.

Growing into a leading data-centric and technology-driven enterprise of cross-border social e-commerce in Southeast Asia

In 2022, we developed the automated, intelligent, and digital cross-border e-commerce business management system 3.0 based on a superior data-centric and technology-driven digital system. This system supports full-chain systems and functions of social e-commerce such as intelligent product selection, design, translation, customer service, and advertising. On the basis of achieving digital transformation, Jihong has grown into a leading enterprise of cross-border social

e-commerce in Southeast Asia. We achieved an annual revenue of more than RMB3 billion, a 10% YoY increase and RMB197 million in net profit attributable to shareholders, up 14.53% YoY in cross-border social e-commerce business. The achievement highlights our core competitive strength in precision marketing, digital operations, supply chain management, revenue scale and market coverage, and risk control.

Shouldering the responsibility of environmental protection with green packaging and optimizing corporate governance with compliance concepts

To upgrade environmental protection, our ten packaging and printing facilities and products have been certified to ISO 9000 quality management, ISO 14001 environmental management, BRCGS ETRS, FSC, and BRC standards. We are dedicated to driving industry innovation and increasing our efforts to expand environmental technologies to ensure that all of our products are made from sustainable materials. We are also committed to providing customized services to customers while achieving low-carbon production and manufacturing non-polluting and biodegradable products. It allows us to meet the individual needs of our customers while aligning market demand with our ESG principles. In 2022, we were ranked fifth in the "Top 100 Chinese Printing and Packaging Companies".

In terms of corporate governance, we continuously enhance compliance efforts and improve our internal control policies and procedures. We

optimize our internal legal entity governance, improve management systems, and establish clear guidelines for corporate operation and management. In 2022, we improved the precision and agility of the risk control model using our digitalizing capabilities like big data and improved the intelligent system of risk control. We signed anti-corruption agreements with partners and established an anti-corruption system that no one dares, can, or wants to commit corruption, ensuring an integrity governance system that runs through the entire network and all positions within the Company. In addition to enhancing corporate governance, we promoted our ESG philosophy as a corporate value to empower high-quality and sustainable business development.

Facilitating material and spiritual prosperity and providing cultural support to contribute to our entire society

We maintain a work philosophy that is data-driven and outcome-focused and all are operators, and are committed to helping all employees achieve their material and spiritual prosperity. In 2022, based on our fair, impartial and competitive remuneration incentive system, we launched the Employee Stock Ownership Plan Phase III to facilitate mutual progress and development for individuals' self-value and the Company' s operation. We also organize diverse cultural activities and provide various benefits for our employees to maximize their work enthusiasm.

Guided by a sincere commitment to our country, we stay true to our original aspiration and founding mission and focus on supporting public welfare and charitable initiatives as part of our ongoing efforts

to fulfill the corporate responsibility and give back to society. In 2022, we implemented a comprehensive assistance system that combined policy, ideological, and industrial support to reinforce and expand the gains made in poverty alleviation. We took concrete steps to carry out local support tasks. We encourage our employees to participate in charitable activities and assist those in need.

Revolving for all changes

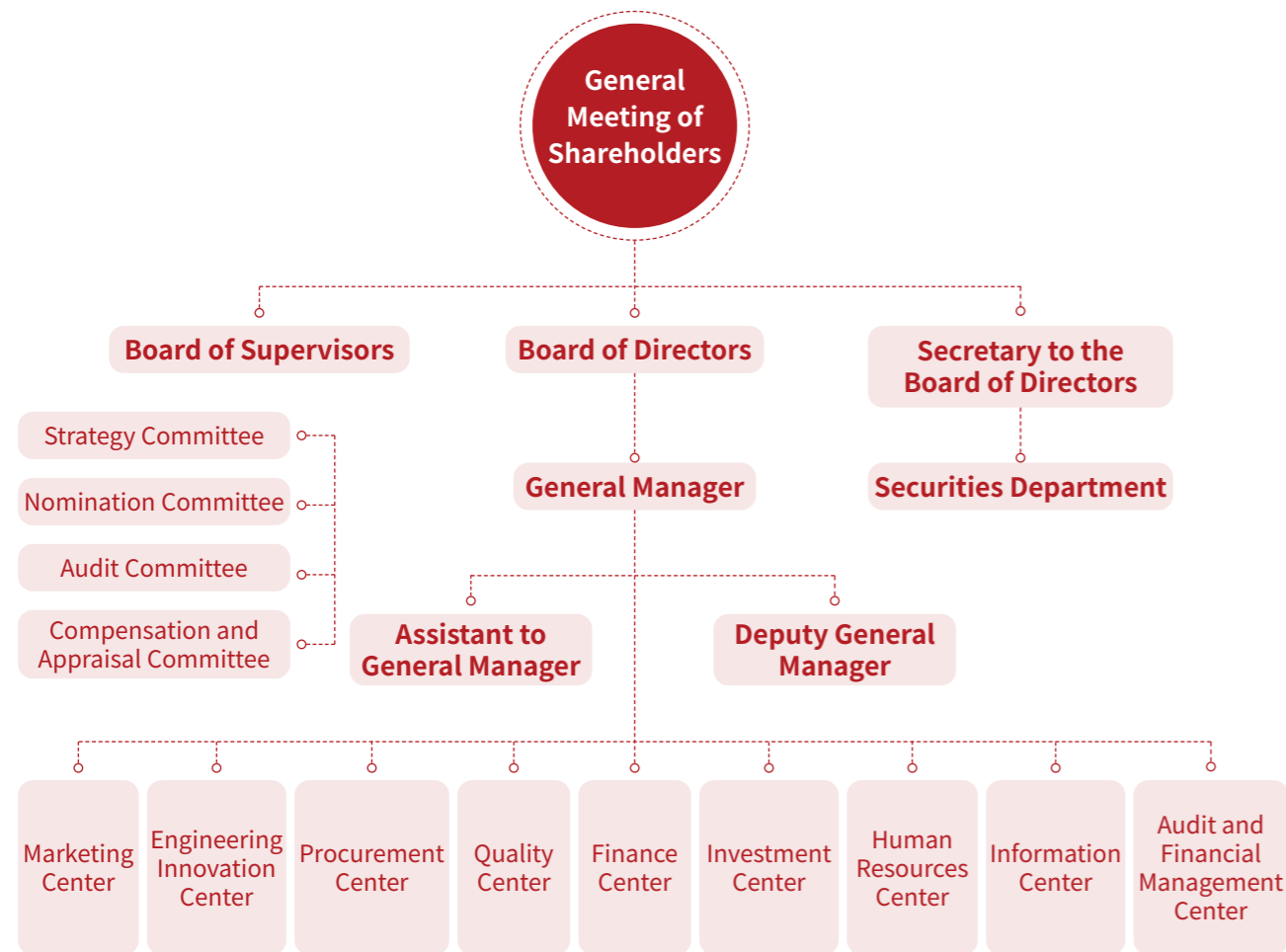
Market patterns at home and abroad are going through increasingly complicated changes and cutting-edge technologies such as AI are stirring infinite technological revolutions. In 2023, we will continue to deepen the corporate governance reform while enhancing technology research and development and embracing new technologies to ensure high-caliber digital operation capability and continuous evolution. We will fully leverage our industry leadership to drive the expansion of cross-border collaboration when further exploring the e-commerce market of Southeast Asia. We will implement the e-commerce brand strategy to support the transformation and upgrading from products made in China to products of Chinese brands, and empower Chinese sellers to go global through the strategy of the SaaS service platform GiiMall. Moreover, we will continue to expand the international network of partners and enhance our role as a digital economic hub to support the development of the Belt and Road Initiative. We will collaborate with our partners to advance high-quality and sustainable development.

One About Jihong Group

Company profile

Xiamen Jihong Technology Co., Ltd. is a data-centric and technology-driven enterprise of cross-border social e-commerce with business mainly in precision marketing of cross-border e-commerce business to customers and offering comprehensive marketing and packaging design services to leading FMCG companies. Now we have become a leading cross-border social e-commerce company in Southeast Asia and were ranked fifth in the "2022 Top 100 Chinese Printing and Packaging Companies".

Organizational structure



Corporate vision

- Build ten brands with global influence

We have always stuck to the principle of "surviving with quality and developing with credit", and are dedicated to building ten brands with global influence to provide high-quality products and extremely convenient services for global consumers.

- Enable partners to achieve both material and spiritual prosperity

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

Corporate culture

- Focusing on entrepreneurship and forging ahead through difficulties

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

- Simplicity, excellence, efficient collaboration, goal-oriented effort, and accountability for results

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

Business philosophy

- Data-centric, technology-driven, outcome-focused and all are operators

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

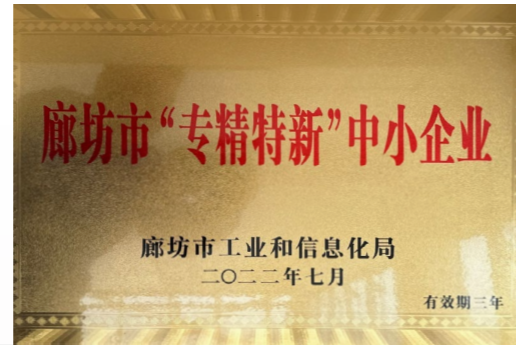
Milestones



Honors and awards



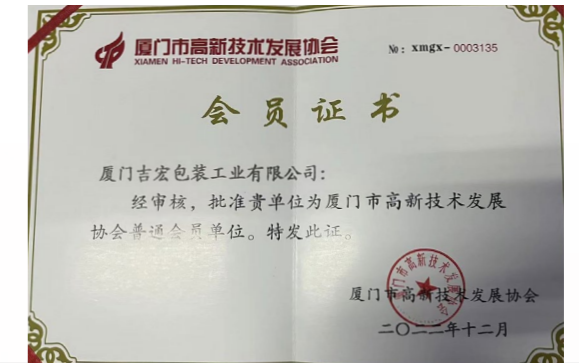
A Technologically Advanced "Little Giant" Enterprise in Hebei Province



A Technologically Advanced "Little Giant" Enterprise in Langfang City



An Innovative SME in Anhui Province



A Member of the Xiamen Hi-Tech Development Association



A High-Tech Enterprise



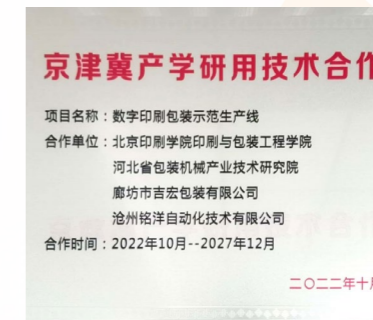
A High-Tech Enterprise



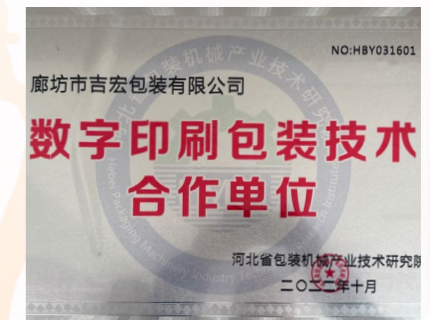
A Top 100 Private Enterprise in Fujian Province



A Key Participant in the Development of Group Standards



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



A Digital Printing and Packaging Technology Partner



A Top 100 Private Enterprise in Xiamen Awarded by the Xiamen Federation of Industry and Commerce



A Top 20 Private Enterprise in the Service Industry in Xiamen Awarded by the Xiamen Federation of Industry and Commerce



A Governing Unit of the Hebei Provincial Printing Association



A Governing Unit of the Hebei Provincial Food Packaging Industry Association

Annual ESG Focus

Digital E-commerce Connecting Jihong Group with the World

Honors and awards received in 2022:

Honors and Awards	
The Annual Most Valuable Digital Enterprise for Investment	Cailian Press
An Excellent Technology Service Provider for Cross-Border E-Commerce	Shenzhen Cross-Border E-Commerce Association
A Technologically Advanced Service Enterprise in Henan Province	Henan Provincial Department of Science and Technology
An Innovative SME in Henan Province	Henan Provincial Department of Industry and Information Technology
E-commerce Big Data Ecosystem Engineering Research Center in Henan Province	
A Registration Certificate for an Art Business Unit	Social Affairs Bureau of Zhengzhou High-tech Industrial Development Zone Administration Committee
A Service Trade Model Enterprise in Shaanxi Province	Shaanxi Provincial Bureau of Commerce
A National High-Tech Enterprise	National High-Tech Enterprise Accreditation


One Facilitating the development of the Belt and Road Initiative through cross-border social e-commerce

Economic globalization and the development of digital economy impose great changes to international trades and drive the growth of cross-border e-commerce from scratch. Relying on advantages of China as a country with the most complete manufacturing industrial chain and the strong foundation of supply chain, mature e-commerce operation, and abundant professional engineers in reserve, China's cross-border export sector saw leapfrog development admired across the world. Data released by the General Administration of Customs of the People's Republic of China show that China's cross-border exports rose from RMB33.65 billion to RMB1.55 trillion between 2017 and 2022. With the further implementation of the Belt and Road Initiative, the Regional Comprehensive


Economic Partnership (RCEP) agreement came into force on January 1, 2022, marking the inception of the world's largest free trade area. The RCEP reduces commodity tariffs, clarifies investment standards, strengthens intellectual property protection, accelerates digital upgrades, and facilitates infrastructure construction, providing policy support for the development of cross-border trade.

Jihong Group actively responds to the strategic call for carrying out the Belt and Road Initiative and fully utilizes the viewership dividends of the flourishing mobile internet and social media on emerging markets mainly in Southeast Asia. In 2017, the Company made forward planning and launched cross-border social e-commerce business in the area with its advantages in supply chain of packaging accumulated for years. Based on continuously increased capability in digital operations, the Company achieved a lift of operation revenue in the business from RMB215 million to RMB3,106 million with a compound annual growth rate of 70.59% from 2017 to 2022. Jihong has made significant development with its competitive advantages in precision marketing, digital operations, supply chain management, and has grown into a leading enterprise of cross-border social e-commerce in Southeast Asia to constantly support the Belt and Road development.


Jihong Group's cross-border e-commerce business focuses on the following product categories

- 


Fashionable apparel

With each passing season, an abundance of new clothing styles come into vogue. Our pursuit of refined fashion never wavers, and our materials are selected with the utmost care. We pursue excellence from initial design to final production to establish a Chinese apparel brand that will make a lasting impression across the globe.
- 

Exquisite footwear

Our goal is to build perfect products. Therefore, we treat each pair of shoes like a work of art, paying meticulous attention to every detail. We are committed to building a high-quality footwear brand that is esteemed and trusted by customers worldwide.
- 

Housewares

We aim to provide every customer with aesthetically pleasing and highly functional household items, while sharing our belief in living a beautiful life. We want to help our consumers upgrade their quality of life at affordable prices. Our home goods will be the first choice for every family that values a quality lifestyle.
- 

Suitcases and handbags

Our bags are crafted with the same passion and attention to detail just as a great artisan striving for perfection. We strive to make practical, durable, and stylish bags that suit consumers' needs for any occasion. With competition growing fiercer by the day, we have set our sights on providing superior products and aim to become a top performer in China's bag manufacturing sector.

Beauty and personal care products

We have been dedicated to developing top-quality skincare products. Our stringent quality assurance processes guarantee that every product we offer meets our high standards for safety and effectiveness, so that our customers worldwide can enjoy them with confidence. We aspire to help more customers become more beautiful and confident.

Health products

The most valuable asset in life is good health. We are committed to developing top-quality health products. We aim to establish a prominent Chinese health brand and we are determined to make greater contributions to the development of the health sector.

Timepiece and accessories

By drawing on our rich history and culture and utilizing unique design and exceptional craftsmanship, we craft elegant, exquisite, precious, and valuable timepieces. Our focus is on producing valuable and timeless timepieces that will be cherished by generations to come, creating an enduring legacy for the world.

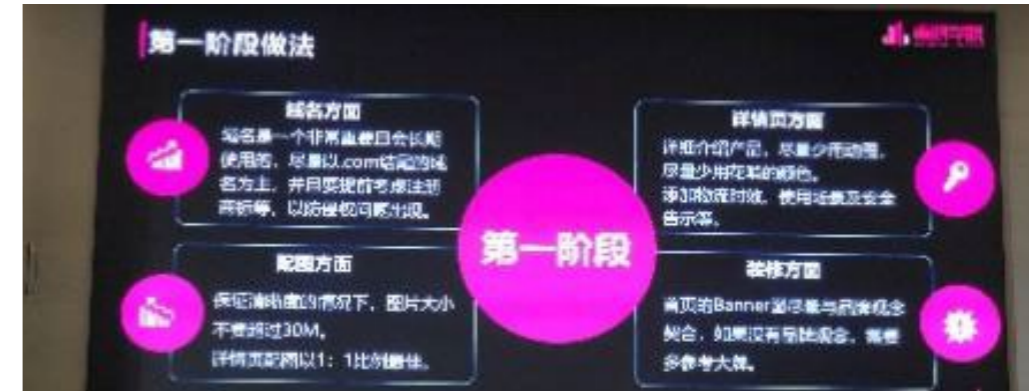
Maternity and baby products

We offer a wide range of products for expectant mothers, babies, and children, covering all stages and needs. By implementing strict quality control measures, we ensure that every product is safe and free of harmful substances, providing children with a great start in life. Our goal is to become a benchmark for maternity and baby products.

Outdoor supplies

Our collection of outdoor products boasts almost a thousand different types, covering everything from camping and hiking to travel and leisure activities. Our outdoor philosophy is rooted in the belief that outdoor activities should be comfortable, relaxing, and shared with friends and family. By following the most advanced Chinese and international standards, we carefully choose our products and ensure that their quality is of the highest standard.

Enhancing our exploration through industry exchanges



Industry gatherings and exchanges

Enhancing our exploration through industry exchanges

On August 26, 2022, Jihong Group attended the summit with the theme of "Sharing the New Opportunities Brought by the RCEP and Creating a New Future for Cross-border E-Commerce". The summit explored how to seize opportunities in the emerging Southeast Asian market through innovation and transformation. Attendees shared insights on the potential, platforms, and strategies for the Southeast Asian market, as well as advice on overcoming challenges for DTC brands expanding internationally. This summit enabled companies to discover new areas of growth and establish competitive advantages when entering international markets. Moreover, it provided Chinese cross-border e-commerce businesses with guidance on how to enter global markets smoothly and achieve strong performance.

Key performances

Cross-border e-commerce operation revenue:

RMB **2.551** billion in 2020

RMB **2.824** billion in 2020

RMB **3.106** billion in 2020

Two Building an intelligent ecosystem to empower business growth

With the digital operation strategy of data as the base and technology as the driving force, Jihong Group is committed to developing multiple AI-generated content (AIGC) technologies. By utilizing AI algorithms, we can efficiently analyze international markets and create accurate user profiles. Through intelligent product selection and precise customer identification, we can market competitively-priced and distinctive Chinese products to many countries and regions, including Southeast Asia, Japan, South Korea, the Middle East, Taiwan, and Hong Kong, China.

Jihong Group adopts a social e-commerce mode of distributing goods to those who need them as its business mode:



Goods

Automatic generation → Product description, titles, pictures, and short videos

Intelligent product selection → Big data analysis and accurate product selection based on AI technology



Find

Precision marketing:

Ad delivery on social networks → Mainly on Facebook and TikTok in the DTC mode



Customer

Intelligent analysis of user profiles:

Extensive data of global users → Second delivery/private domain operation

Jihong has fully exploited the promotion method of posting information to those who need it on overseas social internet platforms and created the cross-border social e-commerce business mode of distributing goods to those who need them since it launched cross-border e-commerce business in 2017. Different from the passive mode of customers searching for goods they need in traditional e-commerce, the mode that Jihong created runs as showed in the following:



Cross-border social e-commerce business process

Jihong Group has invested RMB134 million in IT R&D in total in the development of cross-border e-commerce business for six years to tackle the social e-commerce application scenarios featuring long chains of social e-commerce, diverse linking points and high requirements of digital operation capability. As a result, Jihong Group has finished the upgrades from cross-border social e-commerce operation management system v1.0 to management system v3.0 step by step, forming a digital operation mode with data as the base and technology as the driving force.



By collecting, updating, and analyzing a vast amount of SKU (stock keeping unit), search and social media data, our system can effectively match products and selling points to the unique preferences of our customers. Moreover, it will make accurate forecasts of popular products to greatly improve our product selection efficiency.



We create distinct brand models and operational systems for enterprise, mall and product brands in different sales regions based on their unique characteristics, marketing data analysis, and market expansion. We aim to achieve precise direct-to-consumer marketing by advertising on our independent online store.



Our automated ad delivery system leverages machine learning and extensive advertising data and materials. This system can integrate with social media platforms, such as Facebook, TikTok, and Google, to enable a closed-loop ad delivery that encompasses product discovery, audience targeting, creative design, data optimization, and feedback. This automated ad delivery system can greatly enhance ad delivery efficiency and ROI.



Our intelligent operation system boasts features such as automated translation, comparison, document review, tracking, and feedback processing. It also provides automated customer service in various languages, such as English, Japanese, Thai, Arabic, and Vietnamese, which can significantly alleviate the workload of mid-end and back-end operational staff and improve productivity across the operational process.



This system allows for efficient information exchange with thousands of suppliers and provides intelligent digital inventory management, automatic price comparison, order placement, and payment capabilities. It enables the efficient operation of a flexible supply chain for hundreds of thousands of SKUs per month.



Pursuing technological innovation and enhancing collaboration between Jihong Group and universities

We are committed to technological innovation to invigorate China through science and education and accelerate social progress and Jihong Group's economic development. We engaged two Ph.D. experts from the Zhengzhou University of Light Industry to spearhead the establishment of the Zhengzhou Municipal E-commerce Big Data Engineering Research Center and the Henan Provincial E-commerce Big Data Ecosystem Engineering Research Center. We set up a management committee to manage the research centers. Additionally, we have partnerships with research institutes such as the Henan Institute of Technology, the Henan University of Technology, and the Henan University of Economics and Law to undertake research projects for the government, companies, and industries. Our partnerships have played a vital role in propelling the development of the government-industry-academia-research-application model, which is an innovative way to apply scientific and technological achievements. By overcoming obstacles in data collection, storage, processing, analysis, service, and security of e-commerce, we have developed a range of e-commerce big data products with a strong competitive advantage. Additionally, we continuously innovate and iterate our e-commerce big data products. We are accelerating the application of big data in e-commerce to develop robust industry-specific solutions. We are deepening the integration of big data with diverse industries by vigorously promoting the opening and utilization of cross-industry or cross-domain data resources. Our efforts in ecosystem cultivation include improving data management capabilities and exploring ways to confirm data ownership and facilitate data circulation and sharing. We are building a well-coordinated and sustainable ecosystem that encourages proactive collaboration between the government, industry, academia, research institutions, and practical applications.



Developing an intelligent "brain" in partnership with Huawei Cloud

Through extensive collaboration with Huawei Cloud, we have leveraged their strengths in cloud computing, image processing, big data, and AI to develop intelligent applications for cross-border e-commerce. By partnering closely with Huawei Cloud on diverse activities such as product selection, creative development, advertising, and service delivery, we are fueling our business growth and providing our customers with exceptional experiences and high-quality products.

During the reporting period, the Company intensified its R&D efforts. Several R&D projects including Shopee distribution management system, Smart Companion system, Talent Map system, Indicator Monitoring system, TikTok ad management, VUE mall system v4.0, and workflow system v2.0 have been gone through the closing procedure. These systems will fully raise operation efficiency, improve user experience, cut cost and increase efficiency for the Company.



Three Developing intelligent warehousing to facilitate innovation at Jihong Group

We are building an integrated intelligent warehousing system to empower traditional warehousing operations with digital tools. This system enables us to significantly improve warehousing efficiency, while mitigating supply chain risk and enhancing the quality and safety of warehousing.

Inventory stocking model

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

Digital store

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

Warehouse management system

Our self-developed warehouse management system implements a "one product, one code" management policy for all inventory items. The system allocates each item to its designated storage location and updates the inventory records in real-time.

Intelligent picking system

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

Automatic weighing system

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

Unpacking and packing device

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

Electric forklift

We use advanced electric forklifts to reduce logistics costs, increase cargo handling efficiency, and improve the quality of our operating environment.

Warehousing system copyright

Eco-friendly packaging certifications

eco-friendly packaging certifications



Key performances:

By the end of 2022, in addition to its nearly **20,000** square meters of transit warehouse space in China, the Company also had multiple warehouses in other countries or regions such as Japan, Thailand, Malaysia, Singapore, Saudi Arabia, and the United Arab Emirates.

Four Building a service platform for data analysis

Jihong Group develops GiiMall, a professional cross-border e-commerce SaaS provider to function as a corporate-level technical service platform for cross-border e-commerce brands to trade in Southeast Asia through stand alone websites. As a full-chain ecosystem created by the Company, GiiMall can provide one-stop services including selection, website development, traffic driving, operation, payment, and logistics for merchants registered on the website.

Advanced data analysis tool

Based on data, help merchants analyze operation through real-time tracking cross-border operation data to make proper business decisions. In product pricing, the Company can classify customer risks precisely according to the large number of data of customer signing collected by the Company to help merchants price appropriately, and reduce risks brought by lower signing rate. Empowered by technologies such as AI and big data, the Company also can learn about market trends and utilize the value of the data when offering suggestions to merchants.

Pluralistic online channel opening up

Help merchants open up social e-commerce channels and demonstrate products on Facebook, Google, TikTok, Instagram, and Twitter with social networks as marketing channels. In addition, the system can be embedded in any websites, which can show product information and the purchase button on these websites and blogs for sale.

Working with EGO to explore new modes of cross-border e-commerce

Focusing on cross-border business scenarios, GiiMall works with EGO to accelerate Chinese enterprises' digital transformation and upgrading when they are going global and realize cost reduction and efficiency increase. The two will give their advantages in relevant technologies, funds, platforms, industries and regions into full play, and enter into cooperation in fields of cross-border industrial parks, cross-border operation training, stand alone website whole-chain services, and brands to trade overseas. Their cooperation will promote resource sharing and mutual benefit, and help them explore new modes of cross-border e-commerce together with cross-border e-commerce industrial parks as focus, thus going on a scaled, branded and standard win-win path.



Strategic cooperation with EGO

In 2022, GiiMall proactively intensified its R&D high-quality projects. Systems like the application Giitalk 2.0, TikTok intelligent ad delivery system, and Google intelligent ad delivery system when putting into use will support merchants to lift their ad delivery efficiency, advance order conversion, cut costs, raise efficiency, and improve user experience.

Main intelligent functions provided on GiiMall cross-border e-commerce SaaS service platform are listed in the following table:

Title	Main function	Outcome
Project of GiiMall order management system	1. Order review: When sellers start order review, all new orders require service coordinators to review for approval or refusal. The function can help sellers reduce loss caused by orders cancelled by customers, unclear address for receipt, or refusal of goods. 2. Order cancelling: Both buyers or sellers can cancel orders. 3. Shipment: If an order is approved for no error, the seller can choose to share the order with ERP for shipment or ship the goods on their own and then upload the delivery information to the system, which will be shared with the buyer. 4. Price modification: Sellers can modify the total amount of the order to provide discounts for buyers.	GiiMall merchant order management system 1.0
		GiiMall developer order management system 1.0
Project of GiiMall product management system	1. Adding products: Sellers can add products manually or import through local excel files on opening applications of the platforms or Shopify. 2. Putting on/removing products: Setting the state of the products on sale and controlling the availability of the products on the stand along websites to limit purchase. 3. Product information copying: When Some products have mostly same information, sellers can copy the information to new products and then revise it, which can quicken the process of adding new products. 4. Multilingual: If the products are available for multiple markets, sellers can set the language of the titles and details of products for corresponding markets. 5. Multi-currency: If the products are available for multiple markets, sellers can set the price for different markets. 6. Category and attribute management: Sellers can add categories and attributes and share relevant information for products in the same category, which can help large-scale DTC sellers manage products in same standards.	GiiMall merchant product management system 1.0
		GiiMall developer product management system 1.0
Application Giitalk project	1. Online instant chatting 2. Multi-channel integrated chatting: Giitalk integrates messages from Facebook Messenger, messages and comments on Facebook homepage. This allows medium- and small-sized sellers to manage multiple messages and comments from Facebook at the same time. Giitalk also includes online messaging tool Line and enables people to reply to Line messages with it. 3. Automatic translation: Considering cross-border scenarios, Giitalk supports automatic message translation, which largely improves communication efficiency between sellers and buyers. 4. Work order management: Offline messages, messages and comments from Facebook homepage will be transformed into work orders, which will be delivered to Giitalk system and tackled by sellers. 5. Auto-reply: The knowledge base provides basic replies, realizing quick response.	Application Giitalk 1.0

Title	Main function	Outcome
GiiMall merchant online store decoration project	Sellers can choose to set up a responding mall or a mobile mall. New hands without any design or cross-border e-commerce experience can use templates provided for online store decoration. There are more than 200 free template themes in different categories and languages in the template store. When the template is set, sellers can design their online store pages by changing pictures, products and articles. Without any other additional operations, they can finish page design soon. Sellers who can design can drag modules from module base to decorate their store as they like and change the style of modules flexibly. In this way, they can establish their own mall without codes.	GiiMall merchant online store decoration system 1.0
GiiMall fuzzy search project	1. Sellers can enable the function of fuzzy search, set searching scope, and realize cross-word search with word categories. This allows more products to be linked and can raise sales. 2. Sellers can check the search history of their stores and collect all search keywords to help them improve product information according to search trends. 3. When enabled, the function can synchronize data of the store with the search data. For example, products with edited information can be synchronized with data of the search engine, and be presented to potential buyers.	GiiMall fuzzy search application 1.0
Project of GiiMall developer platform	1. Basic information: Basic information of plug-ins can be edited and presented on the merchant application store. Developer settings, fixed interfaces and other basic information of the plug-in set in the platform can be accessed. 2. Development management: Developer settings of the plug-in can be set, such as recording git warehouse address, enabling the developer mode, and adding additional functions to the plug-in. 3. Version management: Versions of plug-ins can be managed and corresponding front-end JS codes in versions with functions set can be checked. 4. Event subscription: Developers can access and upgrade notifications of some messages to be subscribed through fixed interface addresses. When the event occurs, the plug-in will actively invoke the HTTP interface registered by the developer and post information about the event category subscribed. 5. Help center: Developers can edit the instructions of the plug-in here, and synchronize them to the plug-in for users to follow. 6. Logs: Development logs of each new version released by developers, and can be used for troubleshooting.	GiiMall developer platform 1.0
Project of GiiMall Facebook intelligent ad delivery system	1. Account overview: Providing indicators and data of ad accounts. 2. Ad management: Creating ad series, ad groups, ads, selecting target audiences, launching in target countries, uploading materials, checking ad data in ad lists, disabling ads, editing and copying ads, and other operations. 3. Account authorization: Authorizing private accounts and ad accounts they manage to GiiMall system for subsequent creation, editing, and management.	GiiMall Facebook intelligent ad delivery system 1.0

01

Steady Development for More Effective Governance

Jihong Group has always focused on compliance operation and risk management to constantly increase the quality of the disclosure of information. The Company levels up the overall corporate governance through mechanisms of optimizing risk management, protecting intellectual property, and enhancing commercial ethics binding effects to realize long-term and stable value growth. In 2022, the Company paid attention to the benefit protection of medium and small investors, conducted in-time and equal disclosure of information, kept improving investor relation management, and took solid measures to undertake responsibilities for shareholders and other stakeholders.



Contributing to UN Sustainable Development Goals (SDGs):



One Corporate governance


Adhering to the leadership of Party building

In 2022, the Company worked hard to learn theories, strengthen awareness of politics, and encourage Party members to further understand and grasp the Party's history and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and implement the spirit of the 20th CPC National Congress. The Company also proactively held activities such as theme Party days and featured training to guide Party members to carry forward revolutionary traditions and stand fast for ideals and convictions in a more effective and appealing publicity and teaching manner.

The Company comprehensively sorted out internal grass-roots Party organizations and Party member management, and urged these organizations to strictly carry out the Three Meetings and One Lecture system by the Company's organizational structure and geographical distribution. In this manner, the Company made sure that the organizational activities are substantial in content and effective in practice, and can make Party branches more cohesive and powerful. The Company led the Party members to have the idea of "one for all and all for one" in their work, continued to improve their work style, and gave the leading and supporting role of Party building in business operation into full play. The Company mobilized all employees to take responsibilities for their positions and make contributions to realizing the Second Centenary Goal of building China into a great modern socialist country in all respects

Improving thinking through organizational activities

The Company convened the annual Party branch meeting in 2022. At the meeting, Party members focused on the decisive significance of the establishment of both Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and summarized the problems they encountered during their learning. They gained experience shared by others through exchanges and problem investigation.

 In 2022, the corporate Party branch and Party branches in all subsidiaries

had **55** activities on Party member teaching

Party lectures with an attendance of **1,375**



On the Party branch meeting

Governance of three boards

As a responsible listed company, Jihong Group takes solid measures to protect the rights and interests of shareholders, and ensures their full right to be informed, and equality of the disclosure of information. In 2022, the Company revised the Management System of the Disclosure of Information of Jihong Group in accordance with the real situation of the Company and the laws and regulations including the *Company Law*, *Securities Law of the People's Republic of China*, *Measures for the Administration of Information Disclosure by Listed Companies*, *Stock Listing Rules of Shenzhen Stock Exchange*, *Affair Management of the Disclosure of Information — No. 5 of the Listed Company Self-discipline Supervision Guidance of Shenzhen Stock Exchange*, and the *Articles of Association of Jihong Group*.

In 2022, the Company modified the Rules of Procedure for Shareholders' Meetings, Rules of Procedure for the Board of Directors, independent director system, external guarantee management system, connected transaction management system, outward investment management system, Detailed Rules for the Work of the Secretary of the Board of Directors, management system for raising funds, management system for the disclosure of information, investor relation management system, and insider registration management system. The Company further expanded the system coverage through system optimization.

General Meeting of Shareholders

The Shareholders' Meeting is the highest authority of the Company. The Company convenes Shareholders' Meetings in accordance with the relevant regulations and requirements such as *Articles of Association* and the Rules of Procedure for Shareholders' Meetings to make sure that all shareholders enjoy equal status and can fully exercise their rights.

Board of Directors

The Board of Directors consists of 9 directors, including 1 female director and 4 independent directors. In 2022, the Board of Directors performed legal and effective procedures when reviewing connected items, and had independent directors give independent opinions. The connected transactions of the Company were fair and reasonable, and there was no case found that harmed the interests of the Company and shareholders.

The Company considers diversifying the members of the Board from various aspects, including but not limited to gender, age, culture and educational background, professional experience, skills, and knowledge and hires appropriate people in a scientific and reasonable manner. As of the reporting period, members of the Board were from industries like the Internet, packaging, accounting, and law. The Board of Directors comprises the Audit Committee, Nomination Committee, Remuneration and Assessment Committee and Strategy Committee. These committees undertake their responsibilities and try their best to guarantee the efficient, scientific and regulated operation of the Company.

Board of Supervisors

The Board of Supervisors is composed of 3 supervisors. The Board of Supervisors is responsible for the Shareholders' Meetings, and conducts effective supervision on the legitimacy and compliance of the Financial Department, the Board of Directors, and the Operation Management to perform their duties. The Company perseveres with and improves the personnel supervisor system to realize that personnel representatives can take part in corporate governance in an orderly way.

During the reporting period, the Company convened **7** Shareholders' Meetings, including **1** Annual Shareholders' Meeting and **6** provisional Shareholders' Meetings

8 meetings of the Board of Supervisors
7 meetings of the Board of Supervisors

the Company disclosed a total of **147** pieces of information about A shares, and released **88** numbered notices.

1 meeting of the Strategy Committee
1 meeting of the Nomination Committee

the Company achieved an operation revenue of RMB **5.376** billion, and a net profit of RMB **184** million attributable to shareholders of listed companies. The Company holds a total asset of RMB **3.242** billion, and a net asset of RMB **2.095** billion attributable to shareholders of listed companies.

1 meeting of Remuneration and Assessment Committee
5 meetings of the Audit Committee

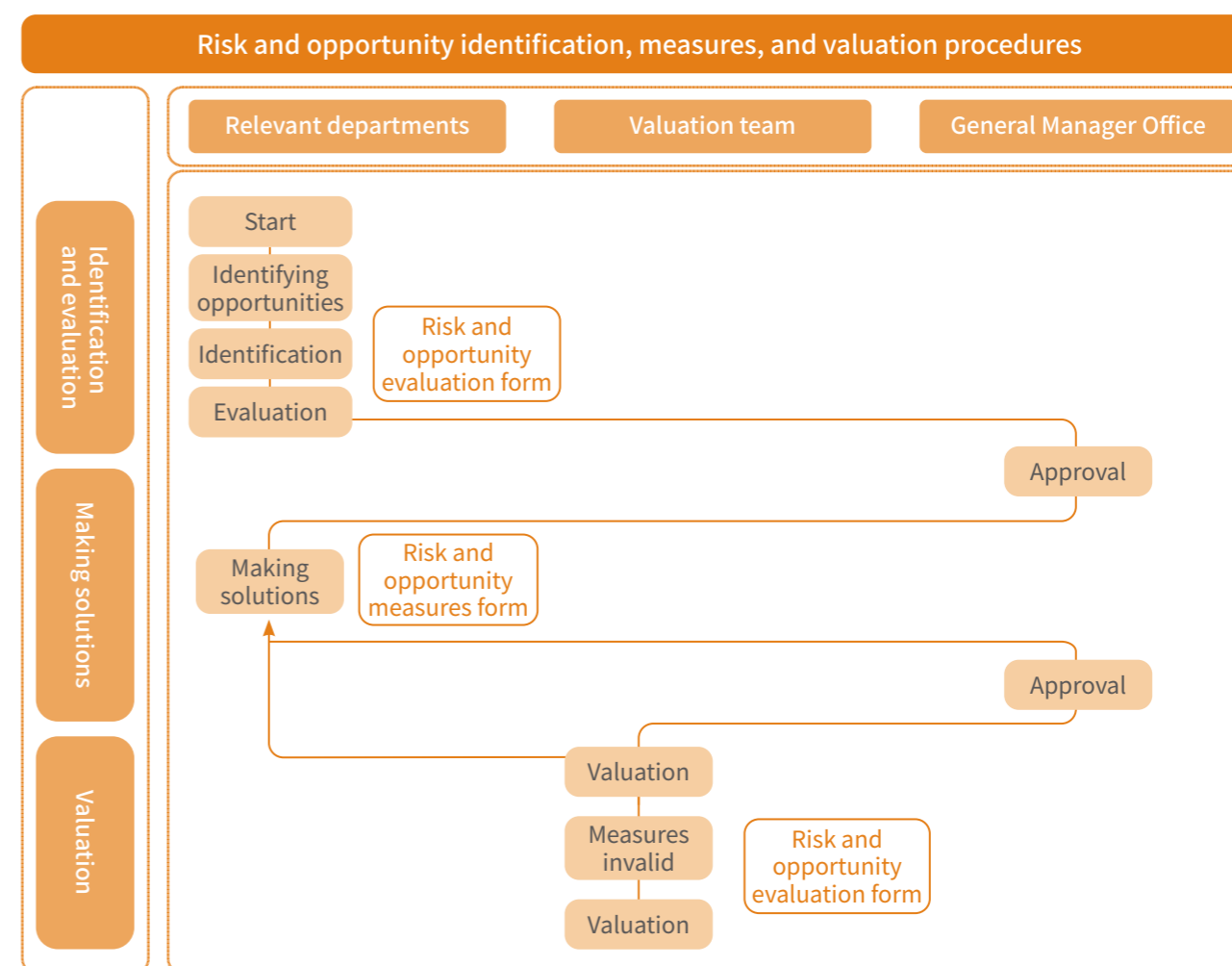
30 meetings in total







Two Compliant operation


The Company attaches great importance to compliant operation management, constantly builds and applies a strong, independent, and rigorous management and control system, and forms comprehensive and effective risk management strategy, organization, institution, technology, and personnel systems. This provides support for the steady development of all business of the Company.

In 2022, the Company continued to build and complete the comprehensive risk management system to meet the requirements of internal risk management based on those of external supervision. The risk management of the Company covered all types of risks, business lines, departments, and subsidiaries, which ensured the effective operation of relevant mechanisms and processes such as risk recognition and analysis, assessment and measurement, monitoring and reporting, response and disposal. In 2022, the Company kept improving the system and measures in risk management, increasing risk monitoring efficiency, enhancing risk response and tackling, and building more risk management infrastructure to support business development.

Risk and opportunity identification process:



Risk Management Type	Risk Management Measures
 <p>Policy risk management</p>	<p>The Company pays close attention to changes to all kinds of policies and responds in time with corresponding adjustments to the latest policies to reduce the impact of policy risks on business and other operational activities to the minimum.</p>
 <p>Liquidity risk management</p>	<p>The Company adopts steady liquidity risk preference management strategies, and measures such as scientific asset and liability management and funds management, multi-tier liquidity reserve, effective liquidity emergency response, and liquidity risk indicator monitoring and early warning. These approaches make sure that the Company is capable of liquidity reserve and fund raising in a normal situation or under pressure, and can incorporate liquidity risks of subsidiaries for unified management and control to prevent corporate liquidity risks.</p>
 <p>Market risk management</p>	<p>The Company follows the principles of active management and quantitative orientation, and takes the method of integrating the way from the top to bottom and the way from the bottom to top according to risk preference, market risk tolerance, and actual requirements of all business units. The Company sets up and details market risk limits for the Company and all business units, and guarantees that the market risks the Company faces are under the set risk limits through measures including risk identification, evaluation, measurement, monitoring, reporting and disposal.</p>
 <p>Credit risk management</p>	<p>The Company conducts entire-process management for credit risks by way of effective risk identification, prudent risk evaluation and decision making, dynamic risk measurement and monitoring, in-time risk reporting and response, etc. In this way, the Company can prevent or avoid risks from occurring, mitigate the impact of risks on the Company, control the loss from credit risks in an acceptable scope, and realize maximum revenue after risk adjustment.</p>
 <p>Compliance risk management</p>	<p>The Company strictly abides by external legal provisions and supervision requirements, and constantly strengthens system construction. Moreover, the Company enhances various compliance management such as compliant review and consultation, compliant monitoring and inspection, employee practice behaviors, anti-money laundering management, and ethical wall management.</p>
 <p>Operational risk management</p>	<p>The Company conducts operational risk management mainly through establishing and completing the authorization mechanism and position responsibilities, and preparing thorough system documents to normalize daily operational process management.</p>

 **Intensifying compliance training and adhering to the bottom line of risk**

In 2022, the Company held a training activity with the theme of Honest Operation and Compliance Management. All employees of the Company and employees in purchasing, sales, finance, and those above the manager level of all subsidiaries participated in the training and signed the Honest Operation and Compliance Management Commitment Letter of Jihong Group. To ensure normal management of Honest Operation and Compliance Management, the Company has required new employees to sign the Commitment Letter when they are onboarding since September 2022.

 **309** employees in total received training in 2022.



Employees in compliance training

Three Business ethics

In 2022, the Company vigorously promoted clean management of business ethics, insisted on the philosophy of managing the enterprise in accordance with the law and being honest and credible, resolutely prohibiting commercial bribery, and strictly conformed to laws and regulations against bribery, blackmail, fraud, etc. Furthermore, the Company stipulated the Business Ethics Policy and Management Measures Against Corruption and Bribery to create a business environment with fair competition in a bid to safeguard the lawful rights and interests of investors, employees, customers, providers and other stakeholders.

In 2022, based on business development, the Company realized overall coverage of business ethics in wholly-owned subsidiaries and all business lines through the routine audit, continuous audit, and special audit. The Company put emphasis on mechanism establishment and implementation of all business entities in aspects of anti-corruption, anti-bribery, and clean practice management.

In the same year, the Company made solid headway in controlling corruption and bribery in business activities to guide management employees to do business honestly and credibly in accordance with law. The Company prepared anti-corruption and anti-bribery management measures to enhance the internal control mechanism, and held high the operational concept with lawful and credible operation for quality services at the core. Based on the reality, the Company strengthened system supervision, promoted corruption prevention with systems, and leveled up supervision and management for major links easy and frequent to occur corruption and employees at major positions. Thus, the Company ensured the effectiveness of the commitment system of controlling commercial bribery and strict conformity to fair competition rules.

For key links and employees at key positions, the Company adopts the commercial bribery prevention commitment system and required employees at key positions and units or individuals that they have business with to sign the Commercial Bribery Prevention Commitment Letter. The Company provides key publicity and training for employees involved in economic activities such as material purchase, outsourced processing, facility engineering, sales, equipment purchase and maintenance, and quality supervision.



The employees shall record the information of gifts and hospitality in the system as required, and attained approval of appropriate management departments or the Legal Department if necessary prior to providing or receiving any gift or hospitality for or from a third party.



In 2022, the Company had no corruption case charging the Company or employees.



Clean guidance and sound development

In 2022, the Company launched training activities of Being Credible and Clean to Lay the Foundation for Development. Leaders and cadres as the key talents in Jihong Group undertook the responsibility of talent cultivation. Therefore, their style and thinking might impose direct influence on corporate culture and team tone.

To further raise employees' awareness for the concept of Being Credible and Clean to Lay the Foundation for Development and keep warning in their mind, the Company introduced the clean practice rules into the onboarding training for new employees in January 2022. Also, the Company advocated all employee to receive training starting from newcomers to make clear the Company's bottom line. In the meantime, the Company organized management cadres to learn and exchange their opinions at irregular intervals.

Being Credible and Clean to Lay the Foundation for Development

1 No leaking corporate secrets:

Without permission of the Company, no one shall provide support or services in any aspects including but not limited to business, technology and operation management for rivals or peers in any forms;

2 No internal bribery:

In principle, superiors shall not receive monetary gifts or gifts in other forms from subordinates. For weddings, funerals, and other rituals, the value of monetary gifts or gifts in other forms for dining shall not exceed RMB200. No one shall take these opportunities to collect funds or receive bribery;

3 No external bribery:

No one shall take kickbacks, treat, gifts and services from providers in any forms; in regular business activities, all gifts provider give shall submit to the Company; no one shall meet providers alone or in private without permission;


 Clean guidance and sound development

4 No illegal debit or credit:

No one shall borrow or lend money and items from or to subordinates, providers, customers, or other stakeholders or make other transactions with them;

5 No abuse of power for personal gain:

No one shall seek personal gains for oneself, relatives, or any other third parties by taking advantage of the Company's resources; employees who recommend their relatives or friends to work in the Company and enterprises that have connections with the Company, or work for the Company's customers or providers, or to be engaged in business activities, shall report to the Company in advance; no one shall set exclusive office supplies or tools; no one shall set public articles or tools for personal use only; no one shall take public articles or tools for private use without permission; superiors shall not have their subordinates to take supplies or claim expenses for themselves.



Training in Anhui Factory



Training in Hohhot Factory

Four Investor relations

In 2022, to regulate the Company's investor relations, promote effective communication between the Company and investors, and let investors better understand the Company, the Company revised the Management System of the Investor Relations of Jihong Group in accordance with the real situation of the Company and the *Company Law*, *Securities Law of the People's Republic of China*, *Opinions of the State Council for Further Improving the Quality of Listed Companies*, *Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets*, *Work Guidelines for the Investor Relations Management of Listed Companies*, *Standard Operation of Listed Companies on the Main Board — No. 1 of the Listed Company Self-discipline Supervision Guidance of Shenzhen Stock Exchange*, and other laws, regulations, rules, regulated documents and the *Articles of Association of Jihong Group*.

The Company attaches great importance to investor relation management, the disclosure of information, and the authenticity, accuracy, integrity, timeliness, and fairness of the disclosure of information. The Company actively safeguards the rights and interests of medium and small investors, and takes their suggestions and responds to their consultation seriously. The Company keeps unrestricted interaction and communication with institutional investors and individual investors through various channels such as notice, the Easy Interaction platform, phone call, e-mail, websites of the Company or Shenzhen Stock Exchange, regular or irregular promotion, road show, interview, or investigation.



In 2022, besides daily communication with public investors by phone call,

the Company participated in	received about	replied 253 questions
3 investigations and	60 investors in total	raised by investors on the
performance road shows		Easy Interaction platform



The Company strictly abides by the requirements of the *Guidelines for Articles of Association of Listed Companies* to convene Shareholders' Meetings and provide a platform for Internet voting for the convenience of shareholders to take part in the Shareholders' Meetings. In 2022, the Company convened 7 Shareholders' Meetings, all by way of on-site voting and Internet voting. The Company provided the Internet voting platform through the trading system of Shenzhen Stock Exchange and the Internet for the public. Moreover, the Company disclosed the voting results of small and medium-sized shareholders (those who holding shares less than 5%) in the notice of the resolutions of Shareholders' Meetings, practically protecting the right to vote of these shareholders.

Five Intellectual property protection

In 2022, the Company rigorously regulated intellectual property management in accordance with the *Trademark Law*, *Patent Law*, *Copyright Law of the People's Republic of China*, *Regulations on Computers Software Protection*, and relevant laws and regulations. During the reporting period, the Company actively safeguarded the right of trademarks, further protected the trademarks, and guided employees to pay attention to relevant intellectual property risks.

In 2022, the Company established a High-tech Project Review Committee to encourage all employees to proactively take part in R&D and innovation, explore their wisdom and potential, regulate project R&D process, protect inventions, and standardize patent application and management within the Company. The Committee functions in the following procedures: the department that carries out the project lead the review, and the General Manager of the Group, heads of the R&D Center and relevant functional departments of the Group, and heads of other subsidiaries compose a team to be responsible for project review.

Invention patent and copyright

Up to now, the Company has more than **270** patents and over **140** software copyrights, and a large number of intellectual property rights are going through the applying procedures.



Intellectual property subdivision and special training

In 2022, the Company invited patent lecturers to have enterprise intellectual property special training in an effort to increase the enterprise independent innovation capacity, reduce the cost in R&D, raise employees' awareness of patent, and enhance the Company's capacity to respond to patent risks.



On the training



02

Exploring Infinite Value Driven by Innovation

Jihong Group focuses on sci-tech innovation in the long-term development, and pioneers new business models, new theories, and new modes with technologies. The Company adheres to innovative business modes for development, actively explores new business models, takes solid measures to keep data security, improves customer experience, and develops together with the industry.



Contributing to UN Sustainable Development Goals (SDGs):



One Professional one-stop packaging

Jihong Group is dedicated to being a comprehensive packaging solution provider that customers trust most, and provides one-stop services integrated "marketing planning + design/plan optimization + manufacturing + transportation and distribution + sales". The Company constantly enriches the business lines of packaging products, and offers a variety of products including color box packaging, eco-friendly food packaging, eco-friendly handbags, and bundle packaging to leading customers of fast moving consumer goods (FMCG) at home and abroad. The Company also sets up purchase scenarios of the whole-category packaging supply chain to provide services in an all-round way.

Exploring school-enterprise cooperation

During the reporting period, the Company proactively sought school-enterprise cooperation for mutual learning and skill talent cultivation. In the meantime, the Company launched an Innovation Center Management Trainee project to enhance employees' expertise and practical ability and make them all-round talents.



Jihong Group reaches cooperation with universities and colleges in packaging business

Finding new path of creation

During the reporting period, Jihong Group held a beverage packaging design naming competition with Hunan University of Technology. The cooperation was targeted at creatively designing packaging from the structure for paper product packaging and container business. Students from Hunan University of Technology actively took part in the competition and demonstrated their art expression and visual impact with unique design and exquisite exterior. Meanwhile, they considered the portability, and waterproof, leakage-proof and eco-friendly features, and provided numerous excellent design cases.



Excellent works on the Packaging Design Competition

Two Data security and privacy

The Company highly values data security and privacy protection, and strictly abides by *Regulations of the People's Republic of China on Protecting the Safety of Computer Information Systems*, *Information Security Technology — Baseline for Classified Protection of Information Systems*, *Information Security Technology — Information System Security System Security Management Requirements*, etc. The Company holds high the overall guidelines of "security and prevention first, balancing management and technologies, and taking comprehensive measures to prevent risks", and establishes the systems like Giikin Information Security Classified Protection Management Measures and Giikin Computer Information System Emergency Response Plan. In the meantime, the Company has passed the certification of GB/T 22080-2016, ISO/IEC 27001: 2013, ISO/IEC 27701: 2019, etc. to ensure the stable and reliable operation of information systems and the confidentiality, integrity, and availability of information.



Organizational structure of data security and privacy

The Company establishes an information security management team consisting of five parts: intranet information security check, information system security classified protection, information security and confidentiality, information security risk assessment, and information security emergency response. In this manner, the Company gradually improves data security and privacy protection system, and makes clear the importance of keeping data security:



- **Giikin Computer Information System Emergency Response Plan:** Ensure proper response to and handling of information system emergencies, effectively prevent and resolve technology risks, and make sure the normal operation of the Company's business and data security.
- **Giikin Information Security Overall Work Plan and Security Strategies:** Ensure and standardize information system security work, improve the overall level of information system security protection, and maintain information security under control.
- **Giikin Information Security Classified Protection Management Measures:** Clarify the degree of information infringement and the impact on corresponding objects, and timely enhance information security protection and management capabilities.

Relying on AWS and Huawei Cloud systems, the Company entrusts the e-commerce business to cloud service providers, leveraging AWS's industry-leading SLA guarantee to provide high-quality services for customers in a sustainable and stable manner.



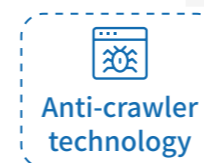
**Safeguarding
privacy**

The customer information stored in the Company's database is desensitized to only retain specific system information such as customer service, and is encrypted to ensure customer privacy security;



Data security

The Company deploys the architecture with multiple availability zones, and the database supports rollback at any point in time within 7 days. At the same time, the Company also adopts real-time synchronous databases on Huawei Cloud to avoid business interruption caused by single availability zone failures;



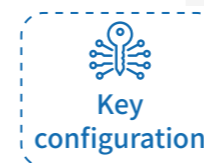
**Anti-crawler
technology**

The Company collaborates with the top international CDN security vendor, Akamai, to resist malicious crawling on pages of the Company's online store. Akamai can accurately identify various malicious crawlers and effectively intercept them;



**Separation of
privilege**

The Company realizes separation of privilege for users in the database, that is, users can access to data with individual user accounts, and programs can access data with project user accounts. The IP addresses of users to log in the database are limited to avoid mixing use. Meanwhile, the database runs audit logs to record operations in the database and ensure the independence of the privilege;

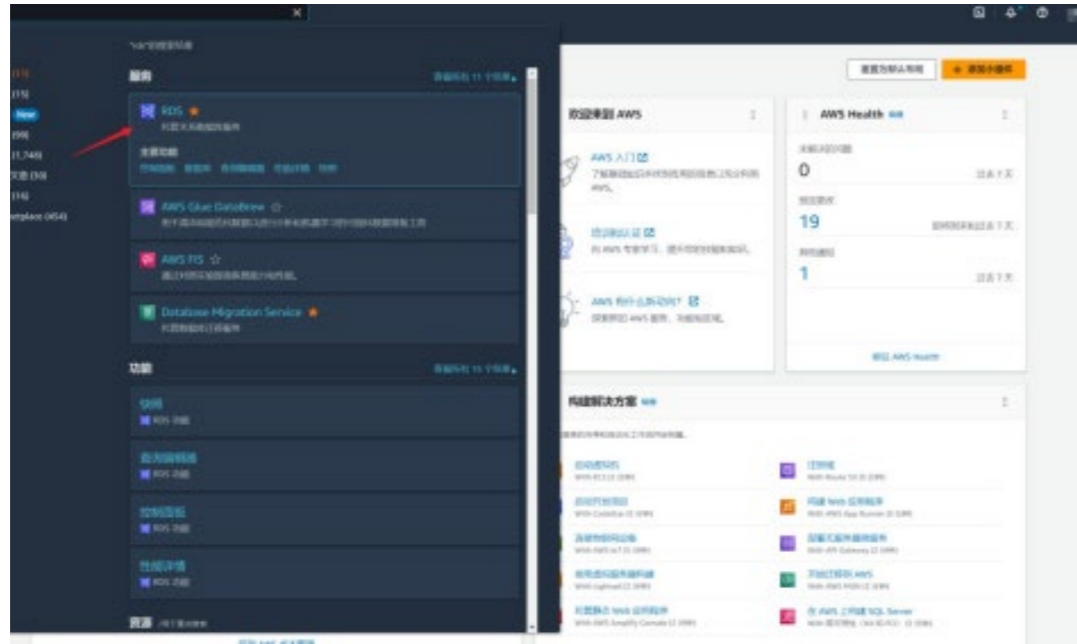


**Key
configuration**

The Company uses an operation and maintenance fortress machine for server login, and the password is composed of random numbers, symbols, and uppercase and lowercase letters, which are rotated regularly. The AWS resources adopted by the Company are in key escrow with Key Management Services (KMS). During the reporting period, the Company completed the new generation firewall and fortress machine project, and networked office areas with VPN to reduce public network exposure. At the same time, the Company continued to strengthen information security audit, completed 1 external audit, and realized 100% coverage of information security management system certification.

Strictly keeping the data security bottom line and ensuring customer privacy

During the reporting period, the Company conducted 2 disaster recovery exercises on the RDS services in AWS, utilizing scientific means and methods to continuously optimize data emergency response methods and cope with the occurrence of uncertain disasters.



Database disaster recovery exercise

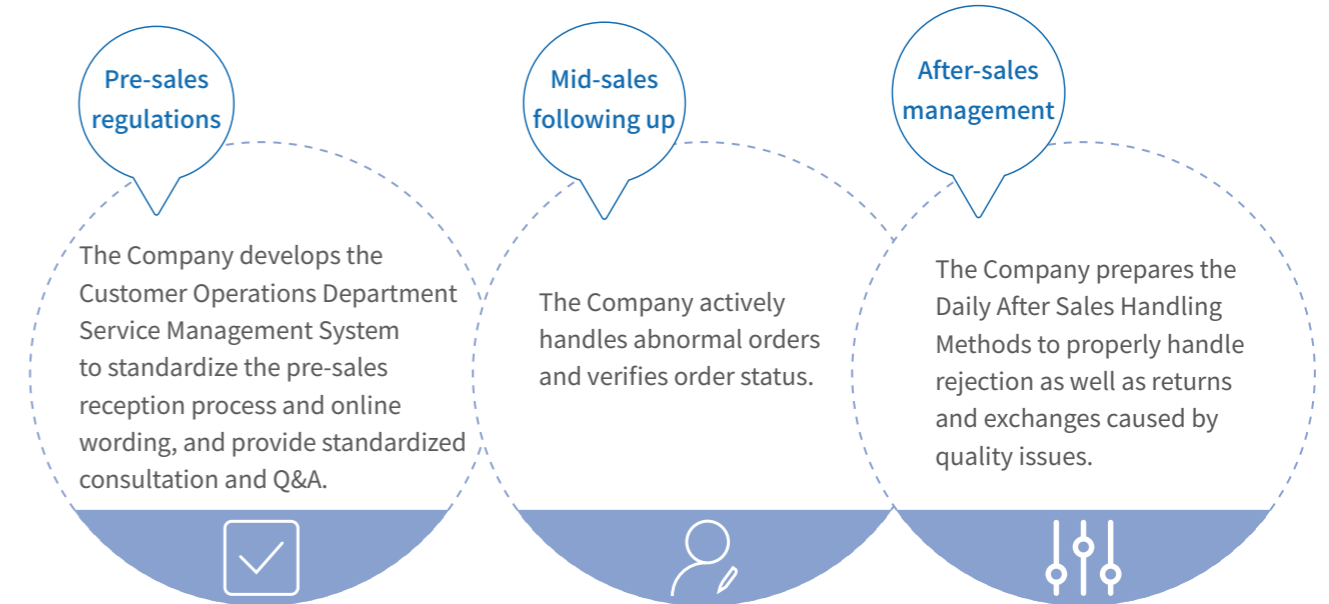
Information security training to strengthen all employees' information security awareness

Information security is an important part of the Company's corporate culture. The Company is committed to building a healthy, safe, and sustainable enterprise, integrating information security into daily operations, and continuously strengthening employees' information security awareness. In 2022, the Company held information security training activities for all employees and conducted assessments in the form of online exam.

Three Customer services and guarantee

The Company sticks to the goal of customer satisfaction and the concept of "creating value with service, earning respect with service, and building a brand with service". Starting from the actual needs of customers, the Company creates professional, comprehensive, and rapid services, pays attention to customer needs in a timely and all-round manner, and actively resolves complaints to make customers satisfied and gratified.

Constantly optimizing service quality

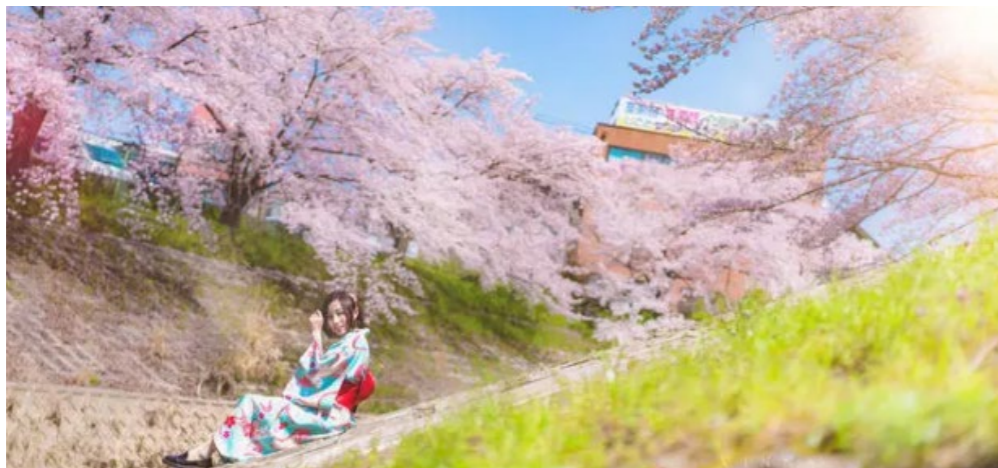


The Company builds a multi-dimensional service system revolving around the pre-sales, mid-sales, and after-sales segments, and answers customers' questions and doubts through instant messaging software, e-mail, and other channels. At the same time, the Company actively conducts service satisfaction evaluation to understand customers' satisfaction and collect their opinions. In the reporting period, the Company contacted with 1,753,646 customers through various channels, and dealt with 1,753,646 concerns of customers with a completion rate of 100%. The average response time on the Zendesk platform was 71.4 seconds.

Adapting to local conditions with innovative services

As a cross-border e-commerce merchant, the Company adopts targeted marketing methods based on the individual characteristics of customers in different regions. We comply with the laws and regulations, tax regulations, and intellectual property protection of the product sales area, conduct market-oriented research on regional culture and customs, and launch localized products based on local needs to attract the attention and purchase intention of local customers. At the same time, we actively optimize the after-sales service process, improve return and exchange policies, and continuously level up the quality and efficiency of after-sales service to enhance customers' trust and satisfaction and drive sales growth.

During the reporting period, the Company launched corresponding products for Thailand's Water Splashing Festival, Japan's Cherry Blossom Festival, Mazu Festival of Taiwan, China, and Christmas in Europe. The Company carried out diversified marketing activities according to local conditions, including special promotion, gift giving services, greeting card delivery services, and holiday information releasing to expand product sales channels.



Local services

Four Collaborative development of supply chain

Supplier management

The Company continues to improve the supplier management mechanism and has developed the Purchase Management Procedures, Centralized Purchase Management Measures, and Purchase Bidding Management Measures, and prepared the Sunshine Integrity Action Cooperation Agreement to effectively manage suppliers by following these procedures. The Company adheres to the principles of Fairness, Impartiality, and Openness, conducts timely assessment and evaluation of suppliers, pays regular mutual visits and maintains good supply relationships with suppliers. During the reporting period, Jihong Group updated 10 suppliers and optimized the Company's supply system in a more reasonable way.

Supplier assessment process: Evaluate product quality, timeliness and accuracy of arrival, service, etc.

Class	Score	Rewards and Punishments
Excellent	80 and above	Increase purchases as appropriate, and prioritize product purchase
Good	70-79	Require the providers to rectify the deficiencies and maintain the purchase strategy for them unchanged
Qualified	60-69	Look for backup suppliers and consider reducing their purchases. Require the providers to rectify the deficiencies, and the Purchasing Department decides whether to continue purchase after checking their corrective measures and results
Unqualified	Under 60	Consider purchasing products from other backup suppliers

Supplier communication and exchanges

Jihong Group attaches great importance to long-term and in-depth cooperation with suppliers. The Company invited excellent suppliers to attend the 2023 Annual Meeting of Jihong Group, and granted outstanding suppliers the Outstanding Supplier Award in recognition of their contributions to the Company's development.



Awarding excellent suppliers on 2023 Annual Meeting

03

Focusing on Environmental Protection and Creating Continuous Momentum

Jihong Group takes green development as an important part of the Company's concept of sustainable development, sticks to the principle of green and low carbon cycle, and aims to realize the coordination and unity of the Company's development and ecological environment protection. The Company follows the principles of compliance with laws and regulations, environmental protection, energy control and emission reduction, and green development, continuously improves facilities and processes, strengthens management measures, and strictly controls pollutant discharge to make contributions to sustainable development.



Contributing to UN Sustainable Development Goals (SDGs):



One Green packaging

As a company that abides by both domestic and foreign laws and regulations on product packaging, Jihong Group takes into full consideration the compliance, safety, practicability, and environmental friendliness of the packaging materials in the design and development stages. It continues to adopt green packages through green product design on the premise of ensuring product quality.

FSC certification

Jihong Group actively explores and promotes the "Green Revolution" of packages. To actively respond to the *Opinions on Accelerating the Green Transformation of Express Packaging* issued by the Chinese government, Jihong Group launches innovations in product R&D and discusses the technologies by focusing on green packages. Granted with FSC Chain of Custody (FSC-CoC) Certification, the Company advocates responsible management and forest exploitation and makes its packaging products more traceable, which reflects its social responsibilities for persisting in the transformation of green packages.



FSC certifications

Design and R&D of environmental-friendly products

The Company puts more effort into R&D of green and environmental-friendly packaging products in 2022. Specifically, it continued to invest in product R&D through the following projects: "R&D of Environmental-friendly Packaging Technologies", commercialization of the research findings of "R&D of the Technologies of a Gluing Device with Adjustable Glue Quantity for Cartons", "Research and Industrialized Application of the Green Energy-saving Low-carbon Intelligent Production System for Corrugated Boxes", "R&D of an Environment-friendly Ink-jet Device for Packaging Box Printing", "Research on the Circulating Filtration Process of a Fountain Solution for Offset Presses", which enabled the Company to evolve into a green package service provider.

The *Technical Specification for Green-design Product Assessment - Folding Paper Box* designed by the Company during the reporting period was included in the 2022 List of Green Design Products released by the Ministry of Industry and Information Technology of the People's Republic of China. This product reflects the Company's breakthroughs in low resource consumption and small environmental pollution by improving the recovery rate of the products, reducing the quantity of water intake and comprehensive energy consumption.

94、折叠纸盒（1种）				
通用评价标准：	《绿色设计产品评价技术规范 折叠纸盒》(T/CPF 0014-2021)			
绿色设计亮点：	使用单一材质或是易于分离的两种及以上材质，且产品可回收利用率≥98%，单位产品取水量≤0.7m³/t，水的重复利用率≥90%，单位产品综合能耗≤90kgce/t，热回收效率≥90%。			
序号	企业名称	产品名称	产品型号	推荐单位
1	厦门吉宏科技股份有限公司	折叠纸盒	350*114*198mm	厦门市工业和信息化局

Green product designs in China

Two Low-carbon operation

The Company actively responds to carbon peaking and carbon neutrality goals by accelerating its green development mode to promote enterprise development and ecological conservation simultaneously. Following the trend of the era, Jihong Group integrates low-carbon concept into its daily business operation to reinforce the employees' awareness of environmental protection. Jihong Group continues to cultivate talent in carbon emission management. By the end of the reporting period, 4 employees had passed the assessment on carbon emission transactions. All the employees made concerted efforts to improve the Company's low carbon management standard, contributing to carbon peaking and carbon neutrality goals.

Efficient low-carbon operation

Jihong Group strictly complies with the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* as well as other laws and regulations on environmental protection. Moreover, it reduces energy consumption in its daily business operation, and takes a series of energy-saving measures to reduce energy consumption:

A special tree planting day in early spring

The Company carried out a public benefit activity of "Planting a Green Potted Plant DIY" on March 12, 2022. The employees planted their green potted plants. These plants were the "trees of their dreams".



DIY "tree planting" activity

Three Circular economy

National Development and Reform Commission (NDRC) released "The 14th Five-year" Plan for Circular Economy Development in 2021, in which NDRC put forward that China would have carried out circular production methods in a comprehensive manner and promoted green design and clean production by 2025. Jihong Group actively responds to the national call by putting more effort into innovation, improving product design, and optimizing project construction. It carries out a green factory building campaign in accordance with the Clean Production Promotion Law of the People's Republic of China, Circular Economy Promotion Law of the People's Republic of China as well as other laws and regulations. Specifically, it optimizes the paths/ways of energy conservation and emission reduction, facilitates industrial normalization, making a new contribution to its sustainable development.

Responding to circular economy to promoting green factory building

Upholding the concept of "building a green and environmental-friendly factory through technological innovation", Hohhot Jihong Printing Packaging Co., Ltd. (hereinafter referred to as "Hohhot Factory") boosted "the Project of Intelligent Upgrading of Green and Environmental-friendly Packaging Boxes". Hohhot Factory which laid stress on high-tech manufacturing sector upgraded its equipment to make its equipment more intelligent based on information technology. It made major breakthroughs in solid waste reduction as well as reusability, recyclability, and degradability of the product packages by optimizing the process and design of the product packages. Thanks to the green factory project, Hohhot Factory improved production efficiency while reducing the costs of packaging products, thus performing its social responsibilities for green production.

Four Management of emissions

Jihong Group always takes "compliance with laws and regulations, environmental protection, continuous waste reduction and green development" as its foundation of green business operation. It puts in place scientific and effective measures for environmental protection, advocates energy conservation and consumption reduction, rigorously controls pollutant discharge, and improves the employees' awareness of environmental protection, to contribute to sustainable development.

Certifications of environmental management

Jihong Group developed Environmental Management System to put in place environmental governance, to perform the work tasks of environmental protection and to improve the employees' awareness of and management ability in environmental protection. The Company passed Environment Management System Certifications of GB/T 24001-2016 and ISO 14001 2015 during the reporting period, which ensured the normal and organized operation of its production and operation activities.

In 2022, Jihong invested RMB 1.59 million in environmental protection.



Environment management system certifications

During the reporting period, Jihong Group's two factories launched carbon inventory, and fulfilled their responsibilities of managing greenhouse gas discharge.



Greenhouse gas investigation statement of Xiamen Factory



Greenhouse gas investigation statement of Langfang Factory

Environmental emergency plan

To effectively prevent, timely control and eliminate the hazards from sudden environmental pollution accidents in the packaging business, Jihong Group formulated the *Environmental Protection Emergency Plan* to properly respond to sudden environmental pollution accidents in a standardized manner, so as to minimize the loss from environmental pollution and ecological damage accidents.

Environmental Protection Emergency Plan	
Goals	To guarantee the Company's environmental protection, to effectively prevent and timely control the hazards from sudden environmental pollution accidents
Management Structure	The Emergency Rescue Leading Group shall survey, command, and take measures for emergency response
Measures	The Leading Group timely leads and coordinates with other departments to confirm where, when and how an accident happens, what kind of accident it is, and which places will it pollute, to find out the type and nature of the pollution source through analysis, and to take emergency measures according to the aftermaths and trends of the accident.

Emission compliance of production

Jihong Group strictly follows the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution* as well as other relevant laws and regulations to establish and improve various management systems for environmental protection, so as to optimize its governance systems and ensure that the discharge and emissions of all pollutants can meet the standards.

Management of "Three Wastes"

The Company has established the *Prevention and Control System for Waste Water, Waste Gas, Dust and Solid Wastes*. The main waste water from production and operation includes sanitary wastewater and the waste water for rinsing during all stages of production of packaging materials. The Company's waste water is purified by sewage treatment equipment, and the purified water that passes the inspection will be drained into the urban sewer network. The waste gas and dust mainly come from the corrugated paper board production line workshop, the pasting and cutting workshop and molding workshop. As the Company dedusts and filters these waste gas and dust, it manages to effectively control the dust during the process of making raw paper into molded paperboard and during the production of corrugated paper board production line. Moreover, the Company recycles solid wastes such as waste plastics, pop cans, sawdust and kitchen waste and removes them in a unified manner.

Hazardous waste treatment

Jihong Group has developed the *Management System for Hazardous Wastes* to manage the waste printing ink cans, waste printing ink rags and other main hazardous wastes from production in a unified manner. It entrusts a third-party company to conduct harmless treatment for these wastes, so as to prevent environmental pollution amid and after treatment.

Noise management

Jihong Group has established the *Noise Management System* to cope with industrial noise, aiming at keeping its employees healthy and providing a tranquil living environment for the surrounding residents. The Company has upgraded the exceptionally noisy equipment and upgraded its technology. It also hangs warning signs in the production areas with noise over 85dB, and requires the employees in these areas to wear earmuffs, earplugs, and other protective devices.

 Key performances

Type	Unit	2022
Energy used		
Gas	m ³	4,086,169
Diesel oil	L	123,186
Gasoline	L	102,889
Outsourced power supply	kWh	38,437,591
Resources used		
Quantity of water purchased from the municipal administration	m ³	190,922
Emissions		
Total amount of waste gas emitted	m ³	1,229,782,856
Particle matters	Mg/m ³	4
Non-methane hydrocarbon (NMHC)	Mg/m ³	8
Nitrogen oxides	Mg/m ³	37
Sulfur oxides	Mg/m ³	5
VOCs	Mg/m ³	5
Total amount of recyclable wastes discharged	Ton	15,430
Total amount of general solid wastes discharged*	Ton	4,139
Total amount of general solid wastes incinerated	Ton	130
Total amount of general solid wastes recycled	Ton	2,836
Total amount of hazardous wastes discharged	Ton	104

Note*: General solid wastes refer to waste paper, construction waste, household waste and other wastes which are not included in the *National Catalogue of Hazardous Wastes (2022)*.

Five Work safety

The Company has formulated the *Management System of Work Safety in accordance with the Work Safety Law of the People's Republic of China* as well as other laws and regulations. It has also put in place the work safety responsibility system by using scientific methods and management concepts to avoid and reduce workplace accidents. Adhering to the concept of "people foremost, safety first, prevention first and comprehensive governance", the Company reinforces its management of work safety in a standardized manner, makes the annual as well as medium and long-term safety management plans and implements the plans, and always takes priority of guaranteeing production safety in work safety management.

During the reporting period, the Company made the *Comprehensive Contingency Plan for Workplace Accidents and Guide for Fire Emergency Response of Fire Control Room*, passed Certification of Occupational Health and Safety Management Systems GB/T 45001-2020 and ISO 45001:2018, continued to standardize the management of response for workplace emergencies to improve its ability to cope with workplace emergencies.

Reinforcing emergency drills to cultivate the employees' ability of emergency response

The Company organized several emergency drills, fire drills and offered training for fire control in 2022. The employees took part in the fire drills orderly, which cultivated their ability of emergency response, thus guaranteeing their safety amid production.



Langfang Factory's emergency drill

Reinforcing emergency drills to cultivate the employees' ability of emergency response

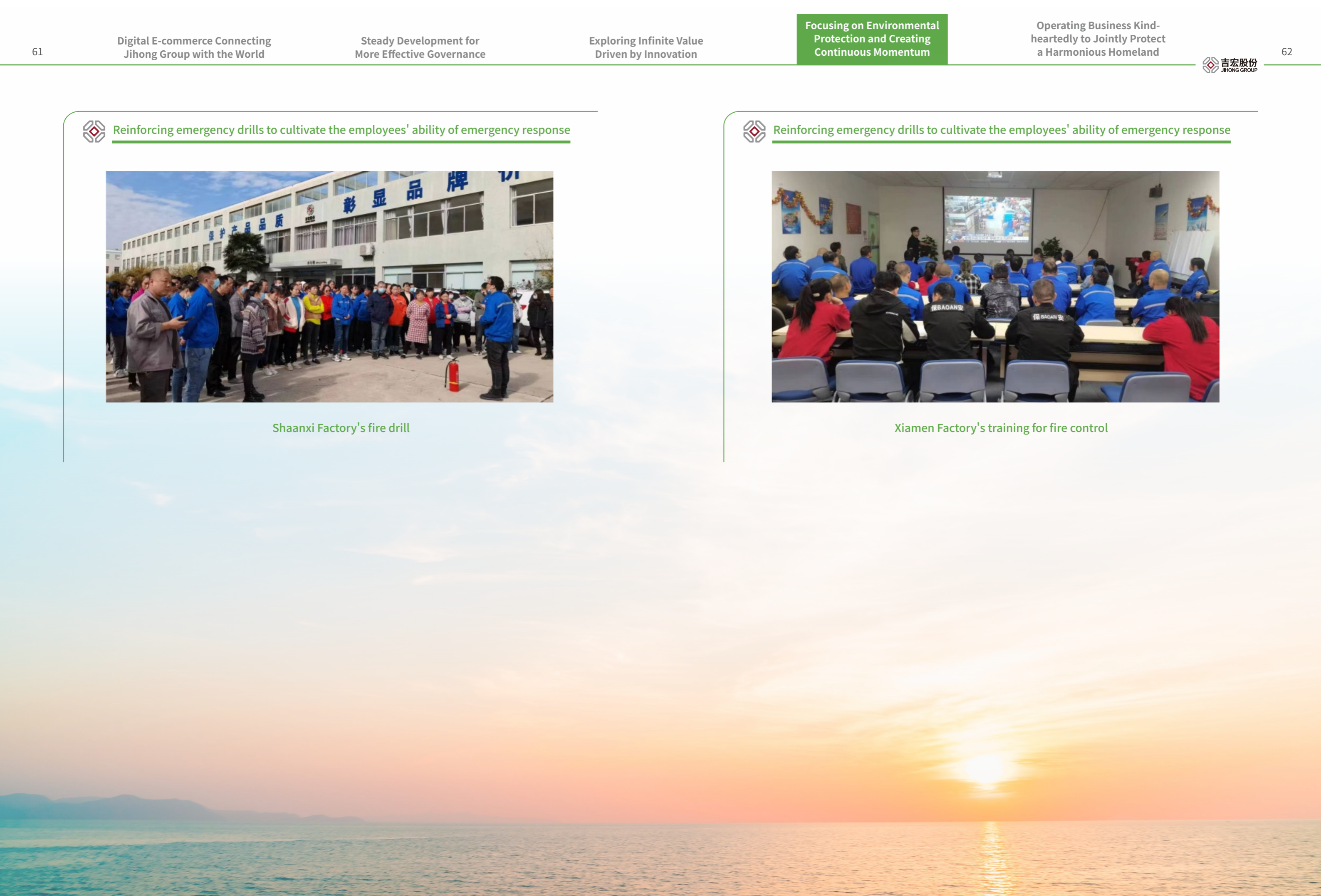


Shaanxi Factory's fire drill

Reinforcing emergency drills to cultivate the employees' ability of emergency response



Xiamen Factory's training for fire control



04

Operating Business Kind-heartedly to Jointly Protect a Harmonious Homeland

As a company that constantly optimizes its human resource management system, Jihong Group has established an innovative mechanism for talent selection, talent cultivation, remunerations and benefits, labor relation, etc. It actively builds the talent management mode in conformity with its development in order to respect and guarantee the employees' legitimate rights and interests. Meanwhile, the Company which pays attention to community development persists in carrying out community-based public benefit activities to seek synergetic development with the society.



Contributing to UN Sustainable Development Goals (SDGs):



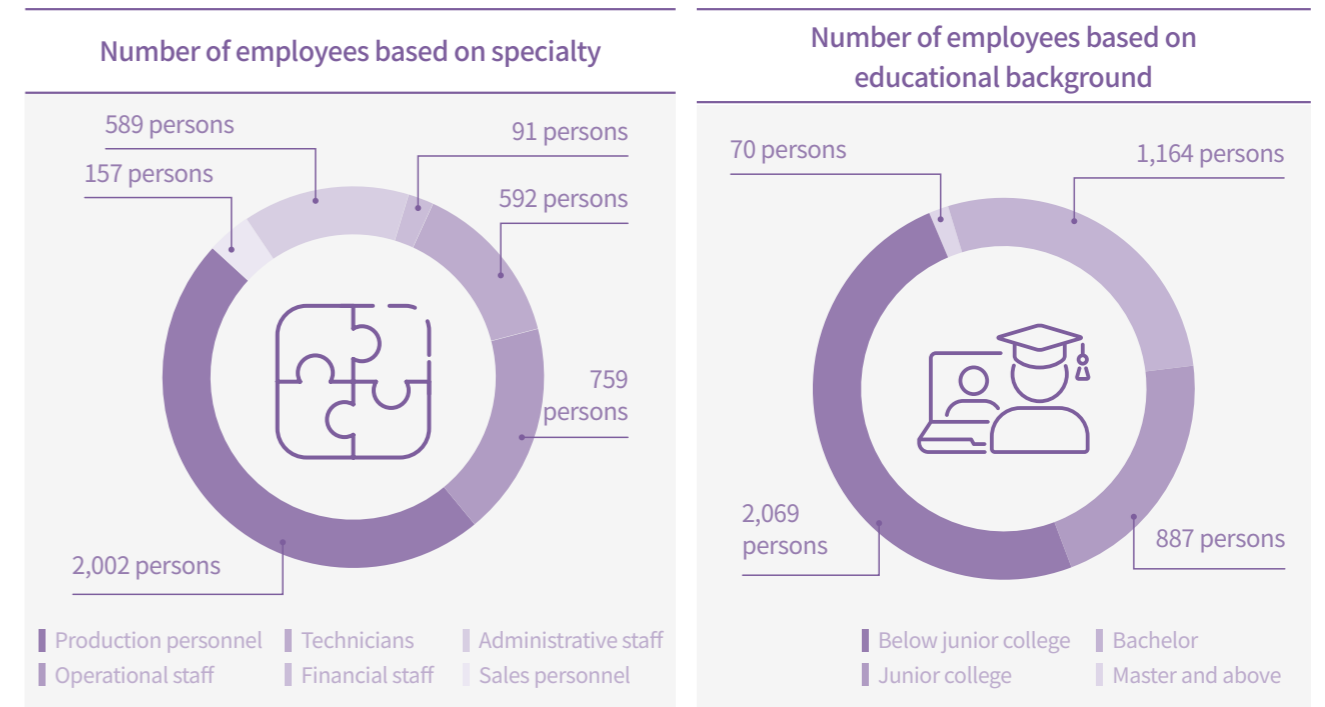
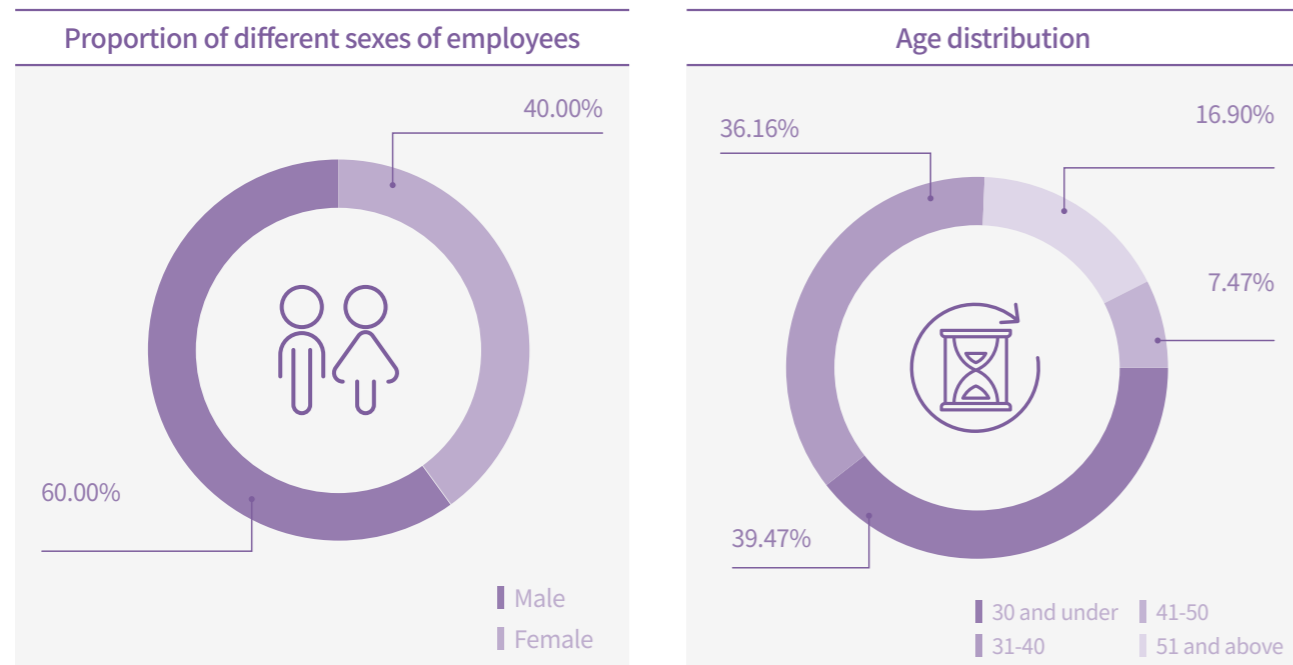


One Employee rights and interests

Equal employment

Jihong Group which constantly optimizes its internal human resource management system has formulated the *Procedure of Organizational Management, Management System for Employment and Recruitment* and other documents. It completely eradicates the discrimination caused by any factor amid recruitment and work arrangement as it works for creating a diversified and inclusive working environment.

The total number of Jihong Group employees had reached 4,190 by December 31, 2022.



Right protection

The Company has established a set of management systems and formulated documents for them, including management systems of *Social Responsibility Manual, Environmental Management Requirements, Safety Requirements*, and other principles. For the scope covered by the systems, the Company shall follow the provisions of the documents (which shall not violate existing laws and regulations). For the parts uncovered in the documents, the Company shall follow relevant laws, regulations as well as safety and sanitation standards. Where there is no law, the Company shall act in the way most favorable for the employees' safety to continuously fulfill and improve its sound social responsibilities. The Company authorizes management representatives, health and safety representatives and staff representatives to supervise the implementation of the systems within the scope of their responsibilities.

To protect the employees' basic rights and interests, the Company optimized the organizational management, recruitment, training, remunerations and benefits and other systems of human resource management in respect of framework, standards, procedures, forms, literal expression, etc. in 2022. Moreover, the Company established the management philosophy of talent management in a comprehensive manner to provide a basis of management, making human resource management a standardized, normalized, and systematized management.

The percentage of employees signing labor contract in 2022s:

100%

Two Employee development

Employee training

Talents are the core competitiveness of enterprise development. Only by training and improving the quality and skills of employees, can they give full play to their potential, so as to maximize the personal values and bring benefits to the enterprise.

Cultural training:

Jihong Group offers training on enterprise culture to the new employees in order to enhance their sense of identity of the enterprise, which mainly reflects in the following: introducing the Company's vision, mission and values in combination with the new employees' personal development to integrate the employees into the Company's culture; introducing the Company's development milestones, business performance, honors granted as well as the mode of product operation to the new employees, enabling them to recognize Jihong and to firmly believe that they can realize win-win scenario at Jihong.

Ability training:

the Company shares its headquarters' training resources with all subsidiaries through the training mode of "offline training + online training + livestream training". It has also built an intercompany and interdepartmental learning and exchange platform which arouses the employees' learning enthusiasm through interactive learning.

Training programs offered by Jihong Group in 2022

Training for managerial staff:
5 training sessions for **401** trainees in total

Training on procurement:
4 training sessions for **87** trainees in total

Training on recruitment skills:
8 livestream training sessions for **64** trainees in total

Induction training:
6 training sessions for **55** trainees in total

Training for management trainees:
1 training session for **7** trainees for **5** consecutive days

Non-project training:
3 training sessions for **74** trainees in total

Training on reverse enabling:
1 training session for more than **11** external trainees

Exploring the new mode of talent training

In 2022, Jihong Group actively found new learning modes and continuously explored innovative ways of talent development. By adopting the mode of "onsite training + onsite livestreaming", the Company managed to solve the condition that it was impossible to offer training in a concentrated manner as its subsidiaries were located in different places, which not only enlarged the coverage of its training programs, but also reduced the costs while increasing the efficiency by means of livestream training.



Employee training

Total training hours for the employees		9,584.50 hours
Average training hours of the employees		0.94 hours
Divided based on the type of employees	Total training hours of grassroots employees	7,889.86 hours
	Total training hours of middle management employees	1,782.81 hours
	Total training hours of senior management employees	215.50 hours

Promotion

The Company always upholds the management concept of "people foremost" amid business development. Guided by the idea of "advancing with the times and forging ahead in an innovative and enterprising spirit", the Company optimizes the allocation of its existing human resources while developing more new human resources: it makes employee career plans through job analysis, and pays attention to the employees' training and growth to achieve synchronous development of employees' growth and the Company's goals of development plan; it reforms and perfects the incentive mechanism, reinforces awarding and punishment to establish the awareness of performance, and has built a relatively reasonable evaluation system on the employees' input and output, thus widening the gap among the employees' incomes/differentiating the employees' incomes according to their responsibilities and contributions; it has also set an open, fair, competitive and merit-based system of "being prepared for both promotion and demotion" to create an environment for excellent talents to stand out.



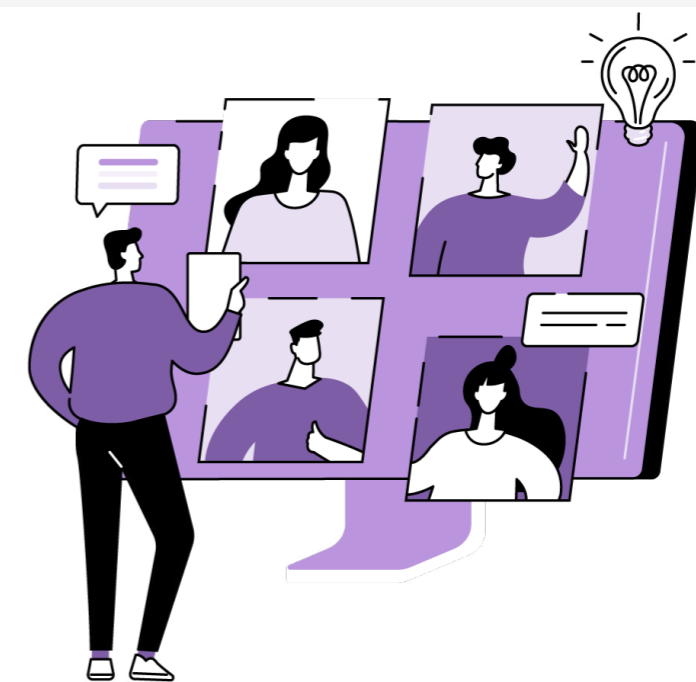
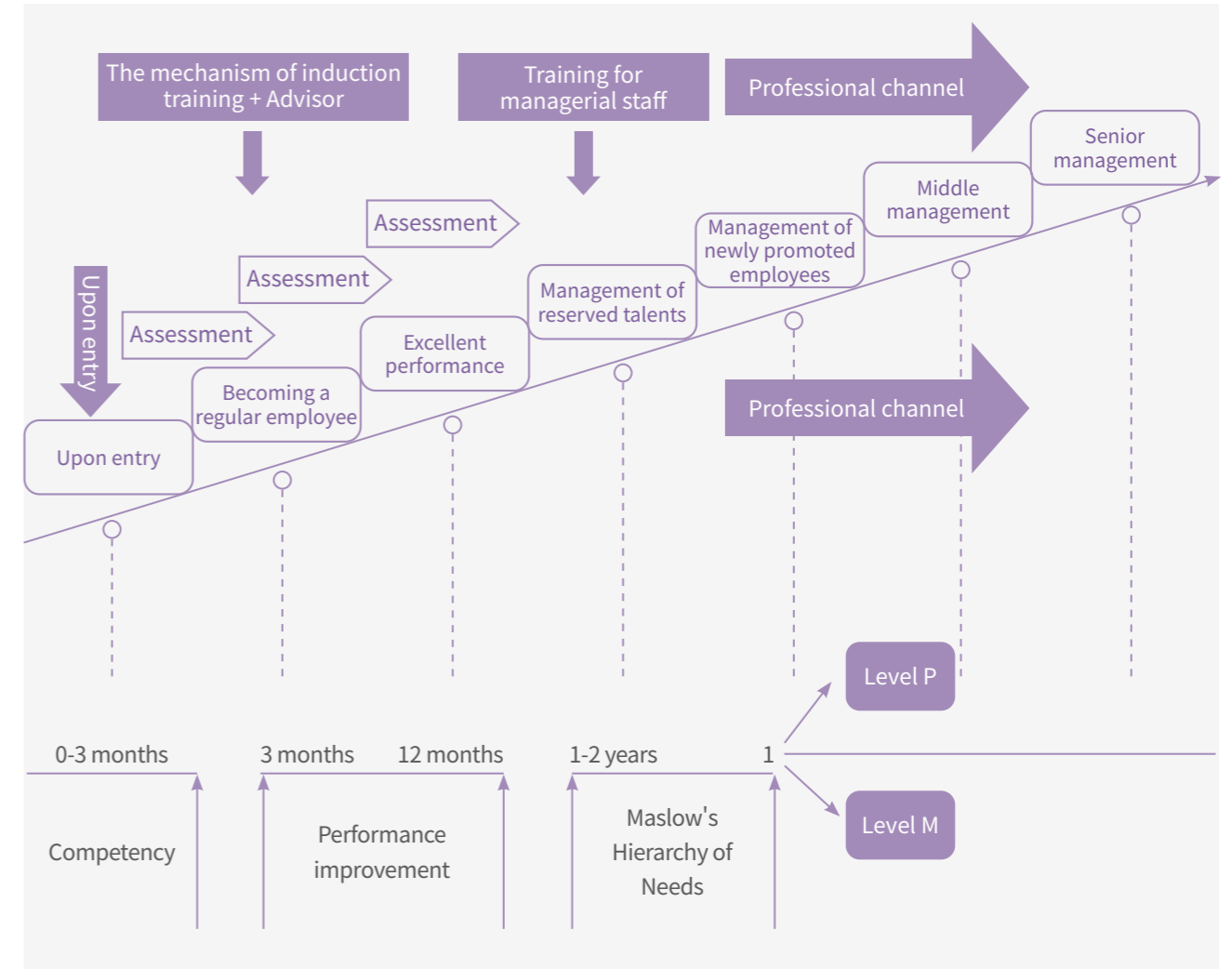
The Company has built dual channels of the employees' career development: to assess the employees from several dimensions of technical merit, expertise level, management skill, etc. and to build a multistep development channel that comprises longitudinal development (post promotion) and horizontal development (post promotion, job rotation and interdepartmental job transfer.)



The Company has built a reasonable talent appraisal mechanism: it adopts a third-party talent assessment tool which can help the enterprise to effectively identify a talent upon recruitment; it uses the talent checking tool to appraise its internal talents from the dimensions of competence and performance and applies it to each link of "selection and elimination" of human resource management.



The Company has set correct outlooks on talent development: it has carried out a series of compliance management and anti-corruption activities; it also specifies the talent development concept of "promoting talents based on their merits instead of arranging in order of seniority", and particularly requests every managerial staff to strictly abide the *Company's Criteria of Managerial Staff*.



Three Employee benefits

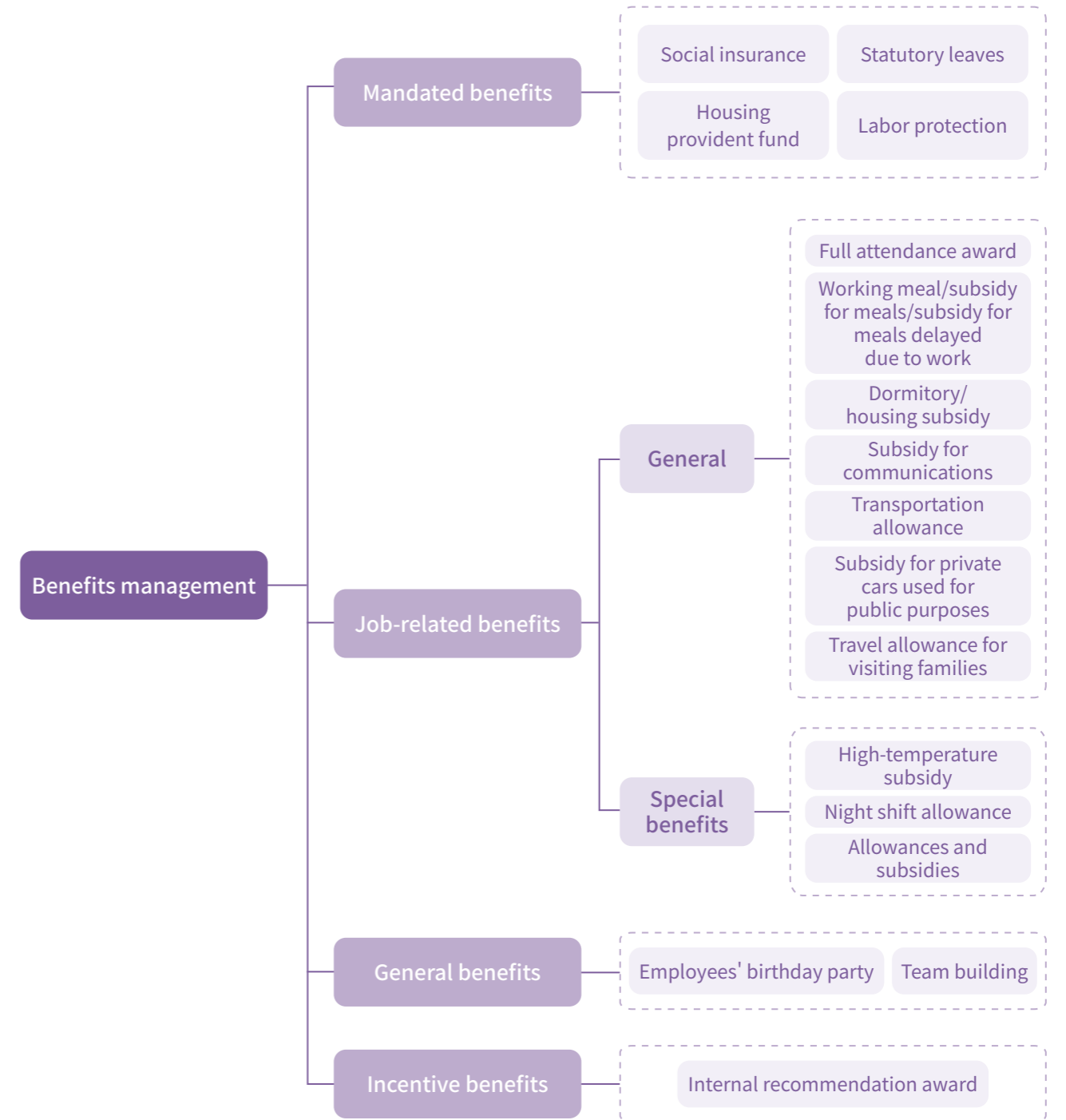
Remunerations and benefits

Jihong Group provides competitive remunerations and benefits to improve the employees' sense of belonging, satisfaction, and recognition of the Company, to improve the employees' living standards, so as to form sound centripetal force and cohesion of the enterprise.

In 2022, the Company sorted out and optimized the employee benefits in a comprehensive manner by dividing the benefits into several categories: mandated benefits, job-related benefits, general benefits, and incentive benefits.

Optimizations in terms of institution:

- Made the mandated benefits compliant and lawful and paid all the amounts that should be paid; added the nationwide unified standard for supplementary accident/medical insurance plans to safeguard the employees' health and personal safety in an all-around manner.
- Provided targeted subsidies for different posts, and offered benefits to attract and retain talent.
- Set general benefits to improve the cohesion of the team and show concern for the employees.
- Provided incentive benefits for the employees who had made special contributions to talent recruitment, technical innovation as well as cost reduction and efficiency increase.



Jihong Group provides diversified benefits for its employees, including team-building activities, anniversary presents, red envelopes containing cash and other internal benefits in addition to the statutory social insurance and leaves, for the purpose of arousing the employees' working enthusiasm.

Employee activities

The Company appreciates the employees' hard work and contributions and cares every employee's work and life. Jihong Group provides the employees with seasonal fruits and snacks on workdays. It also prepares a birthday present each employee on birthday, and holds birthday parties on a regular basis. Moreover, it sends its best wishes to the employees on holidays, and holds recreational activities irregularly to enrich the employees' life. The Company cares female employees and prepares gifts for them on Women's Day to express gratitude for their contributions. It also helps out the employees in difficulty by organizing donations for them.



Holding a collective birthday party



Holding a collective birthday party



Lantern Festival celebration



Donation for employees in difficulty



Activity on Tree Planting Day



Activity on Tree Planting Day



Activity on March 8 Women's Day



Activity on March 8 Women's Day

Four Occupational health

Jihong Group always gives priority to the employees' health and safety. It strictly abides by the *Work Safety Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other laws to guarantee the employees' health and safety in an all-around manner.

Work safety and prevention of occupational diseases

The Company attaches great importance to occupational disease prevention and control. Guided by the concept of "safe and scientific development", the Company reinforces publicity to enhance the employees' awareness of occupational disease prevention, so as to consolidate the status quo by reinforcing supervision and to improve the standards by reinforcing skills. That's how the Company continuously implements the guiding principles of the State Council and the General Office on occupational health. To properly put in place occupational disease prevention and control, the Company has formulated relevant systems in accordance with relevant national laws and regulations, local policies, specifications, and standards. In doing so, the Company is able to enhance the subsidiaries' awareness and management ability of occupational disease prevention and control, to guarantee the employees' physical health and personal safety, and to ensure the normal operation of all production and operation activities, thus achieving the management goals of occupational health and safety of "zero injuries, zero accidents and zero diseases".



Offering training to enhance the awareness of occupational health and safety

To create a safe and peaceful production environment, improve the employees' safety knowledge and awareness, eradicate violations of labor disciplines, inappropriate operation and violation of traffic rules, the Company offered a series of training on occupational health and safety to help every employee learn basic and common safety knowledge, have sufficient safety awareness and master necessary safety skills.





Offering training to enhance the awareness of occupational health and safety



Training on occupational health and safety

Mental health

As a group that highly values humanistic care and psychological counseling for the employees, Jihong Group attached greater attention to its employees' mental health. Jihong Group holds that it should care for both physical and mental health of the employees since caring for their mental health is much more important than caring for their physical health only. Keeping the employees mentally healthy is an investment that will not only makes the employees mentally stronger, but also builds a "soft environment" of a healthy workplace as the Company focuses on organizational behavior. It not only helps the employees work and live happier, but also enables them to create a happy life.

With a platform and communication bridge connecting the leaders and grassroots employees, the Company keeps an eye on the employees in difficulty and employees who need help, so that it can help them solve their difficulties by building and perfecting the mechanism. In addition, the enterprise also holds various recreational and sports activities according to the employees' needs, so as to unify the employees and build a favorable cultural atmosphere.



Paying attention to the employees' mental health through the communication channel

The Company holds domestic life meetings, monthly party group meetings and other meetings to learn about various difficulties faced by the employees in their work and daily life and to answer them honestly and patiently. The leaders study and accept the reasonable suggestions put forward by the employees. They immediately solve the problems which can be solved, and share the problems which cannot be solved on different management levels in order to attract more attention. This is how the communication platform between the employees and the leaders as well as the organization works, which makes the employees feel a sense of belonging in person.

Five Contributions to communities

While keeping on making self-improvement and seeking stable development, Jihong Group has always deemed the enterprise's social responsibilities as its commitment to sustainable economic development since its establishment. It pays attention to and engages in public welfare undertakings to make a contribution to the public benefit of the society.



Donation for the front-line personnel to response to the pandemic

In 2022, Langfang Jihong Package Co., Ltd., a subsidiary of the Company, donated daily necessities to Guangyang District Industrial and Information Technology Bureau, Guangyang Economic Development Zone Administration Committee, the Police Station, Guangyang District Fire Brigade, and other personnel to guarantee the daily production and operation.



Donation of Daily Necessities

Six Charitable donations

As Jihong Group keeps in mind the idea of "remembering past kindness and being grateful", it actively repays society. For instance, it works practically in one-to-one assistance to further consolidate the achievements in poverty alleviation, and accelerates the pace of poverty-relieved households and monitored households to prosperity, working properly and earnestly in offering local assistance.



Certificates for charitable donations and public welfare

Measures of assistance:



- Offering policy-based assistance: the Company actively publicizes assistance policies to the households that need assistance in order to encourage and guide rural families to apply for various preferences and assistance policies for agricultural economic development. It guides rural families to take part in sustainable development projects and specialized technical training programs to increase their income.
- Offering ideological assistance: the Company reinforces publicity and education for the assisted families to change their mindsets, learns about what they are thinking about, learns about their difficulties, eases their bad moods to revitalize their spirit of escaping poverty, and visits them regularly.
- Offering industrial assistance: the Company provides policy guidance and books on technologies of crop planting for the assisted families which engage in the breeding industry, and encourages to grow more crops. Besides, the Company learns the assisted families' agricultural development, and offers instructions and guidance for the policy-based and technological issues faced by them amid agricultural development. If an assisted family wishes to become a market player such as an individual operator, the Company will offer some guidance based on its understanding of the market.



Key performances:

Anhui Jihong EP Paper Products Co., Ltd., a subsidiary of the Company, won "Award of Contribution to Poverty Elimination" granted by the China Foundation for Rural Development in 2022.

"Heyu", the Company's proprietary brand took part in "Building a School by the Project of 'Donating RMB1 to Become a Public Benefit Partner'" in 2022.



List of Key Performances

Corporate governance

		Unit	2020	2021	2022
Number of disclosure reports		Report	193	131	147
General Meeting of the Board of Directors		Times	17	9	8
Number of members of the Board of Directors		Director	9	9	9
By gender	Male directors	Director	8	8	8
	Female directors	Director	1	1	1
By category	Independent directors	Director	4	4	4
	Non-independent directors	Director	5	5	5

	Unit	2022
Number of patents held	Patent	278
Number of copyrights – copyrights of works held	Copyright	340
Number of trademarks and text registration rights held	Copyright	203
Number of software copyrights held	Copyright	145
Number of compliance trainees	Trainee	309
Hours of compliance training	Hours	10

Environment

	Unit	2022
Natural gas	m ³	4,086,169
Diesel	L	123,186
Gasoline	L	102,889
Outsourced electricity	kWh	38,437,591
Municipal water purchased	m ³	190,992
Total amount of recyclable waste	TNE	15,430
Total amount of general solid wastes	TNE	4,139
Total amount of hazardous wastes	TNE	104
Number of fuel vehicles owned	-	24
Investment in environmental protection	RMB10,000	159

Employees

		Unit	2022
Percentage of employees signing labor contract		%	100%
Total number of employees		Person	4,190
By gender	Male	Person	2,514
	Female	Person	1,676

		Unit	2022
By employment category	Labor contract	Person	3,988
	Labor dispatch	Person	43
	Others (Internship, employment after retirement)	Person	159
By age	51 and above	Person	313
	41-50	Person	708
	31-40	Person	1,515
	30 and below	Person	1,654
By region	Employees in China's mainland	Person	4,180
	Employees in Hong Kong, Macao and Taiwan, China	Person	0
	Employees in other countries and regions	Person	10
By education	Masters and above	Person	70
	Bachelors	Person	1,164
	Those of junior college	Person	887
	Those below junior college	Person	2,069
By rank	Total number of grassroots employees (under supervisors)	Person	3,033
	Middle management employees (supervisors/managers)	Person	868
	Number of female middle management employees	Person	335
	Number of senior management employees (directors and above)	Person	289
By profession	Production personnel	Person	2,002
	Sales personnel	Person	157
	Technicians	Person	592
	Financial staff	Person	91
	Administrative staff	Person	589
	Operation staff	Person	759

		Unit	2022
Total attendance of training		Person	10,183
By gender	Male employees	Person	7,128
	Female employees	Person	3,055
By the type of employees	Grassroots employees	Person	8,880
	Middle management employees	Person	1,012
	Senior management employees	Person	161
Total training hours for the employees		Hours	9,584.50
Average training hours of employees		Hours	0.94
By gender	Male employees	Hours	6,709.15
	Female employees	Hours	2,875.35
By the type of employees	Grassroots employees	Hours	7,889.86
	Middle management employees	Hours	1,782.81
	Senior management employees	Hours	215.5
Employee health and safety	Number of invalid working days due to work-related injuries	Days	1,738
	Work-related deaths	Person	0
	Number of employees in positions with risks of occupational diseases	Person	548
	Number of employees taking occupational disease examinations	Person	563
	Number of employees suffering from occupational diseases	Person	0
	Investment in health and safety		
Investment in health and safety	Investment in employee health and safety	RMB10,000	10.02
	Investment in work safety	RMB10,000	87.45

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Level 1 Headings	Level 2 Headings	GRI Indicators	SDGs
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Readers' Feedback

Dear reader,

Good day! Thank you very much for reading *Xiamen Jihong Technology Co., Ltd. Environmental, Social and Governance Report 2022*.

We highly value and look forward to your suggestions on Jihong Group's management, practice, and information disclosure of sustainable development. Your suggestions and advice are an important basis for us to continuously boost the management and practice of sustainable development. Looking forward to your reply!

What's your identity?

An Investor The government / regulator An employee A customer Other

Please score for the following questions (1 is the minimum score and 5 is the maximum)

What do you think of Jihong Group's significant influence on corporate governance as reflected in the Report?

1 2 3 4 5

What do you think of Jihong Group's significant influence on environmental governance as reflected in the Report?

1 2 3 4 5

What do you think of Jihong Group's significant influence on social governance as reflected in the Report?

1 2 3 4 5

What do you think of Jihong Group's significant influence on business governance as reflected in the Report?

1 2 3 4 5

In your opinion, what's the extent of Jihong Group's performance in customer service?

1 2 3 4 5

What do you think of Jihong Group's performance in shareholder repaying?

1 2 3 4 5

What do you think of Jihong Group's communication and exchange with its stakeholders as well as the accuracy and comprehensiveness of the analysis of their relations with Jihong Group?

1 2 3 4 5

What do you think of the comprehensiveness of the information provided in this Report?

1 2 3 4 5

What do you think of the readability of the information provided in this Report?

1 2 3 4 5

Open question: If you have any other suggestions and advice on *Xiamen Jihong Technology Co., Ltd. Environmental, Social and Governance Report 2022*, please feel free to tell us.

Please send your suggestions to: ir@jihong.cn