



Anhui Conch Material Technology Co., Ltd.  
安徽海螺材料科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2560



ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT  
2024

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# ABOUT THIS REPORT

This report is the first Environmental, Social and Governance Report (referred to as “**Report**”) issued by Anhui Conch Material Technology Co., Ltd. (referred to as the “**Group**”, “**Conch Mat Tech**” or “**we**”), which reflects the Group’s concept of sustainable development, and presents to its stakeholders the sustainable development policies and measures, as well as the progress and performance during the year, so as to enhance their understanding and confidence on us.

## REPORTING BOUNDARY

This Report complements the 2024 Annual Report of the Group and reports its environmental, social and governance performance during the financial year between 1 January 2024 and 31 December 2024 (the “**Year**”). Part of the content can be traced back to the previous year or extended to the disclosure date of the Report.

This Report is an annual report for the period from 1 January to 31 December 2024 (the “**Reporting Period**”). The coverage of this Report is consistent with that of the 2024 Annual Report of the Group, and we will regularly review the reporting boundary to provide investors and other stakeholders with more accurate and comprehensive information.

## REPORTING STANDARDS

This Report complies with the Environmental, Social and Governance Reporting Code (the “**ESG Code**”) set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and takes the four reporting principles contained therein, namely Materiality, Quantification, Balance and Consistency, as the basis for the preparation of this Report. A complete index is attached to the last chapter of this Report so that readers can read this Report according to the ESG Code. Unless otherwise specified, all currencies involved in this Report are measured in Renminbi.

Reporting principles	Application in this Report
Materiality	The Group strengthens stakeholder engagement, and identifies and determines important ESG issues that have a greater impact on the Group’s business, and makes key disclosures in this Report.
Quantification	The Group makes quantitative disclosure of the key performance indicators with historical data in the areas of “environmental” and “social” according to the requirements of the “Key Performance Indicators” in the “Environmental, Social and Governance Reporting Code under Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange”, makes quantitative disclosure of forward-looking information such as targets as much as possible, and will gradually improve the statistical process to achieve full disclosure in the future.
Balance	This ESG Report is presented in an impartial manner to ensure that the disclosures truly reflect the Group’s achievements, challenges and solutions in terms of ESG.
Consistency	The Group uses consistent statistical methods where feasible, so that ESG data can be meaningfully compared in the future.



# ABOUT THIS REPORT

## CONFIRMATION AND APPROVAL

The information stated in this ESG Report extracts from our official internal documents, statistical data, and management and operational data collected in accordance with the systems of the Group. This Report has been confirmed and approved by the board (the “**Board**”) of directors (the “**Directors**”) of Conch Mat Tech on 25 March 2025.

## PUBLICATION INTERVAL

ESG report is released annually, together with the Group’s annual report.

## PUBLICATION FORMAT

This Report has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.conchmst.com](http://www.conchmst.com)).

## OPINIONS AND FEEDBACK

Opinions from stakeholders will help the Group establish better sustainable development governance and strategies in the future. If you have any comments or suggestions on the content of this ESG Report, please contact the Group by email ([hlkjgf\\_conch@163.com](mailto:hlkjgf_conch@163.com)).

## REFERENCE TABLE FOR NAMES OF BRANCHES AND SUBSIDIARIES

### Full Name of the Company

### Abbreviation

Linyi Conch New Material Technology Co., Ltd. (臨沂海螺新材料科技有限公司)	Linyi Conch
Xianyang Conch New Material Technology Co., Ltd. (咸陽海螺新材料科技有限公司)	Xianyang Conch
Ningbo Conch New Material Technology Co., Ltd. (寧波海螺新材料科技有限公司)	Ningbo Conch
Kunming Conch New Material Technology Co., Ltd. (昆明海螺新材料科技有限公司)	Kunming Conch
Meishan Conch New Material Technology Co., Ltd. (眉山海螺新材料科技有限公司)	Meishan Conch
Huludao Haizhong New Material Technology Co., Ltd. (葫蘆島海中新材料科技有限公司)	Huludao Haizhong
Xiangyang Conch New Material Technology Co., Ltd. (襄陽海螺新材料科技有限公司)	Xiangyang Conch
Guigang Conch TCC New Material Technology Co., Ltd. Guizhou Branch (貴港海螺台泥新材料科技有限公司貴州分公司)	Guizhou Conch
Guigang Conch TCC New Material Technology Co., Ltd. (貴港海螺台泥新材料科技有限公司)	Guigang Conch
Tongling Conch New Material Technology Co., Ltd. (銅陵海螺新材料科技有限公司)	Tongling Conch
Qinghai Conch Jinyuan New Material Technology Co., Ltd. (青海海螺金圓新材料科技有限公司)	Qinghai Conch
Toshkent Conch New Material Technology Co., Ltd. (塔什幹海螺新材料科技外國企業有限責任公司)	Toshkent Conch
Anhui Haicui Industrial Preparation Co., Ltd. (安徽海萃工業製劑有限公司)	Anhui Haicui
Anhui Conch New Material Technology Trading Co., Ltd. (安徽海螺新材料科技貿易有限公司)	Conch Trading

# CHAIRMAN'S STATEMENT



Dear stakeholders,

In January 2025, Conch Mat Tech was successfully listed on the Main Board of the Stock Exchange, marking a significant milestone in the Group's development journey. As a key component of the "One Foundation, Five Industries" development strategy of Conch Holdings, Conch Mat Tech has consistently adhered to innovation as its driving force and customer needs as its guiding principle. Through a deeply integrated industry-academia-research technological R&D system, the Group has continuously expanded its presence in both domestic and international markets, enhancing its core competitiveness. After nearly seven years of steady and strategic growth, we have emerged as a leading enterprise in the cement and concrete admixtures industry.

**Green Development, Safeguarding Our Planet.** Environmental protection is an inescapable responsibility for enterprises. Conch Mat Tech has consistently integrated the concept of green development into every stage of product development, manufacturing, and operational management. We are committed to creating greater value for society through technological innovation and sustainable development.

**Process optimization and energy efficiency improvements:** We continuously optimize production processes to enhance resource utilization efficiency and reduce energy consumption. For instance, by refining the monoethanol diisopropanolamine process, Ningbo Conch has reduced average electricity consumption per batch by approximately 45 kWh; through improved steam usage management, Ningbo Conch has lowered steam consumption per unit by approximately 40 kg/ton. These measures have significantly improved energy utilization efficiency.

**Sustainable management of packaging materials:** We actively promote the reduction, light-weighting, and substitution of packaging materials. By adopting environmentally friendly materials such as polyethylene (PE) and stainless steel, we aim to reduce resource consumption and waste generation, contributing to minimizing environmental impact.

# CHAIRMAN'S STATEMENT

**Standardized management of hazardous waste:** We strictly adhere to relevant laws and regulations, implementing classified collection and sealed storage of hazardous waste. Through digitalized systems, we ensure full-process traceability, guaranteeing the safe disposal of hazardous waste and eliminating environmental risks.

**People-Centric Approach, Fulfilling Social Responsibility.** The development of an enterprise is inseparable from the support of society, and giving back to society and benefiting the people are inherent responsibilities of a company. Conch Mat Tech consistently places social responsibility at the forefront, striving to achieve a win-win scenario of economic and social benefits.

**Employee care and career development:** We prioritize the professional growth and well-being of our employees, providing them with a robust platform for career development to foster team vitality and creativity. We firmly believe that every employee is our most valuable asset, and only through their growth can the Group achieve success.

**Community engagement and philanthropic support:** The Group actively participates in community development, striving to contribute to the social progress of the regions where it operates. We believe that the value of an enterprise lies not only in generating economic profits but also in injecting positive energy into the sustainable development of society.

**Supply chain collaboration and sustainable development:** We work closely with suppliers, customers, and other partners to jointly promote the development of a green supply chain. By advocating for sustainable practices across the upstream and downstream industrial chains, we aim to build a harmonious and mutually beneficial industrial ecosystem.

**Strengthening Management and Enhancing Governance Efficiency.** Sound corporate governance is the cornerstone of steady enterprise development. Conch Mat Tech continuously improves its governance framework and elevates governance standards to ensure the healthy and sustainable development of the Group.

**Guiding Sustainable Development with ESG Principles.** Standing at a new starting point, Conch Mat Tech will continue to be guided by ESG principles, deepen reform and innovation, and drive high-quality development, so as to make greater contributions to achieving the “Dual Carbon” goals and advancing sustainable development.

“Dreams may seem distant, but they can be reached through pursuit; aspirations may appear challenging, but they can be realized through persistence”. We will courageously shoulder the responsibility of the Group’s transformation and development, leveraging our listing as a new starting point to amplify the role of capital, optimize resource allocation, increase R&D investment, and refine our domestic and international market strategies. We aim to further consolidate and expand our leading position in the building materials and chemical products sector, actively develop other epoxy derivatives industry chain projects, and contribute new and greater strength to the “One Foundation, Five Industries” development strategy of Conch Holdings.

**Ding Feng**

25 March 2025



# ABOUT CONCH MAT TECH

We are a fine chemical materials supplier which produces and sells cement admixture (水泥外加劑), concrete admixture (混凝土外加劑) and their respective upstream raw materials. Leveraging our R&D endeavours and capabilities, we also provide technical support to our customers relating to the products provided by us. We were established by Conch Holdings, a Fortune China 500 company that ranks the 135th in 2024, to explore the fine chemical materials market as a key enterprise with a full industrial spectrum of abilities to achieve energy conservation and efficiency improvement for the cement and concrete industry.

Our history can be traced back to 2018 when our predecessor company was established and subsequently began its business of production of cement and concrete admixture industry through the acquisition of Shandong Hongyi Technology Co., Ltd.\* (山東宏藝科技股份有限公司) (currently known as Linyi Conch) and its subsidiary (i.e. Guizhou Conch) in 2018, and further acquisition of Meishan Conch and Xiangyang Conch in the same year.

We mainly sell cement admixture and concrete admixture, and their respective in-process intermediaries, namely, processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor (聚羧酸母液) in the PRC. Respective in-process intermediaries of cement and concrete admixtures also serve as raw materials in the production of cement and concrete admixtures. Our brand has strong influence and is highly attractive to customers.

We have a nationwide presence owing to our 12 production facilities located across the PRC. Our production facilities are each equipped with its own technical team and sales team. Our production facilities are located in Ningbo of Zhejiang Province, Linyi of Shandong Province, Guigang of Guangxi Zhuang Autonomous Region, Qiannan Buyi and Miao Autonomous Prefecture of Guizhou Province, Meishan of Sichuan Province, Tongling of Anhui Province, Xiangyang of Hubei Province, Xianyang of Shaanxi Province, Haidong of Qinghai Province, Kunming of Yunnan Province, Huludao of Liaoning Province and Wuhu of Anhui Province.

We are expanding our footprint in overseas countries. With the acceleration of urbanization in Central Asia, Southeast Asia, the Middle East and other regions, investment in infrastructure continues to grow, driving a surge in demand for high-performance construction additives such as cement admixtures and polycarboxylic acid water reducing admixture. Seizing this market opportunity, Conch Mat Tech has taken the lead in establishing a regional production plant and technical service center in Uzbekistan.

In order to promote our business growth, our R&D efforts focus on developing new products and new applications and improving production technologies to diversify our product portfolio and improve production efficiency. Our widely recognized R&D efforts have won us a number of awards and recognitions. We were awarded by State Council State-owned Enterprise Reform Leading Group\* (國務院國有企業改革領導小組) “Scientific Reform Demonstration Enterprise\* (科改示範企業)” with a top ranking consecutively in 2022 and 2023. Further, we were successfully recognized as a “2023—2024 Management Innovation Enterprise in the Building Materials Industry (2023—2024年建材行業管理創新型企業)” and received a nomination for the “Outstanding Green Development Promotion Unit (推進綠色發展優秀單位)” award from the Concrete Admixtures Branch of the China Building Materials Federation in 2024.

# PERFORMANCE HIGHLIGHTS

## Financial and Market Performance

**23.84**

Annual operating revenue (RMB2.384 billion)

**1.26**

Net profit for the year attributable to equity shareholders (RMB126 million)

**1.14**

Annual tax (RMB114 million)

**12**

Factories located in 12 provinces and autonomous regions across China

**82.97**

Annual output (829.7 thousand tons)

## Social Performance

**876 persons**

Total employees (876)

**0%**

Work-related injury rate per thousand employees (0%)

**327**

Accumulated number of patents (327)

**520+**

The total annual expenditure on production safety and employee health protection exceeded RMB5.2 million

**550**

More than 550 educational activities on production safety were carried out throughout the year

## Environmental Performance

**67%**

67% of factories have obtained ISO14001 certification

**1,168**

Meishan Conch's solar-powered streetlights generated 1,168 kWh

**Zero-waste factory at the provincial level**

Ningbo Conch was awarded as one of the "100 Best Zero-waste City Cells" in 2023, zero-waste factories at the provincial level

**A green factory at the city level**

Ningbo Conch was awarded as a "Green Factory at the City Level in Ningbo"

**Green factory in the industry**

Meishan Conch was awarded as a Green Factory in the Building Materials Industry in 2024 by the China Building Materials Federation



# STATEMENT OF THE BOARD

Conch Mat Tech is well aware of the importance of good corporate governance, and always adheres to the requirements of the ESG guidelines of the Hong Kong Stock Exchange. It builds an ESG management structure involving supervisory, management and executive levels, and continuously improves its own ESG governance structure and its implementation system and incorporates ESG governance factors into all aspects of the Group's major decision-making and operational practices.

**Role of the Board in ESG Governance:** The Board of the Group is the highest responsible and decision-making body for ESG matters, and bears the ultimate responsibility for ESG matters of the Group. With the assistance of operational departments, it supervises the commitments, implementation and performance related to the ESG matters, and is responsible for identifying and managing major ESG risks and opportunities, authorizing each operational department to implement relevant policies and measures, and holding meetings in due course to discuss and consider relevant ESG issues.

**ESG Management Principles and Strategies of the Board:** The Group attaches great importance to the significant impact of ESG risks may have on the Group. The Group updates and replaces its ESG issues based on changes in the external environment, policies, industry hot topics, capital market perceptions and the Company's development strategies, in combination with any identified ESG risks and opportunities, and carries out stakeholder surveys and in-depth assessments to evaluate the importance of issues, so as to identify the priority of ESG issues and specify the focus of the Group's ESG governance.

This Report disclosed in detail the progress and effectiveness of Conch Mat Tech's ESG work in 2024. The Board, as the highest responsible and decision-making body for ESG matters, warrants that there are no false representations or misleading statements contained in, or material omissions from this Report, and accepts all responsibilities for the truthfulness and accuracy of this Report.

## ESG GOVERNANCE FRAMEWORK

We are committed to promoting corporate social responsibility and sustainable development and integrating them into our business operations. We have set up an environment, health and safety (“EHS”) management committee (“EHS Management Committee”) at the business level, which is responsible for making EHS decisions, convening EHS Management Committee meetings, selecting, nominating and appointing EHS Management Committee members, amending its terms of reference, and establishing relevant systems, among others. The EHS Management Committee’s chairman is our Group’s general manager, its deputy chairman is our Group’s deputy general manager, and its members are the heads of departments of the Group and its subsidiaries. The EHS Management Committee is expected to consist of diversified members, including members with experience in and knowledge of environmental protection and compliance as well as experience in occupational safety management, while taking into account the Group’s needs in emission control and production growth.

## ESG RISK IDENTIFICATION AND MANAGEMENT



Conch Mat Tech regularly identifies and evaluates risks associated with ESG based on stakeholder concerns and incorporates ESG factors into the Company’s overall risk management and control framework. The specific measures are as follows:

- **Supervision and Coordination:** ensuring that the Group’s business departments implement ESG priorities in the operations and coordinating the actions of all departments to achieve sustainable development goals.
- **Risk and Opportunity Assessment:** regularly assessing ESG-related risks and opportunities and reporting the impact on the Group’s business to the Board.
- **Trend Monitoring:** paying close attention to ESG-related issues and trends that may affect the Group’s operations, and assessing and reviewing such issues and trends.
- **Policy and Management Review:** overseeing the Group’s ESG policies, practices, framework and management principles, and making recommendations for improvement.
- **Influence on Stakeholder Assessment:** taking into consideration the influence of the Group’s ESG performance on stakeholders, such as employees, shareholders, communities and the environment.
- **Information Disclosure and Communication:** reviewing and making recommendations, so as to ensure the public communication, disclosure and announcement (e.g., the sustainability report) on the Group’s ESG performance accurately reflect the actual situation.

# ESG GOVERNANCE

## COMMUNICATIONS WITH STAKEHOLDERS

The Group maintains active, transparent and stable communication with its stakeholders to obtain their feedback in a timely manner, continuously deepen the understanding of their expectations and demands, and consistently improve the sustainability performance, business strategies and measures of our Group.

Category of Stakeholders	Issues of Concern	Communication Channels
 Customers	Product quality and safety	Customer visits
	Customer service	Market research
	Responsible marketing	National customer service hotline
	Compliance operation	Customer satisfaction survey
	Customer Privacy	
 Shareholders and investors	Corporate governance	Investor relations website
	Compliance operation	Shareholders' meetings
	Business ethics	Information disclosure
	Response to climate change	Letter exchanges
	Environmental compliance management	Teleconference
	Green and low-carbon transformation	Webinars
	Product quality and safety	Visit reception
	Supply chain management	Introduction and roadshow
	Labor management	Investor hotline
	Promotion of the industry development	



# ESG GOVERNANCE

Category of Stakeholders	Issues of Concern	Communication Channels
 <b>Government/regulatory bodies</b>	Response to climate change Environmental compliance management Exhaust gas emissions and management Use of resources Waste management Occupational health and safety of employees Labor management Compliance operation Business ethics Corporate governance	Inspection and research Correspondence Policy implementation Information disclosure Training seminar
 <b>Employees</b>	Occupational health and safety of employees Labor management Employee communication Employee training and development Diversity and inclusion Welfare guarantee	Labor union Employee activities Employee survey Employee training
 <b>Suppliers</b>	Supply chain management Product quality and safety	Supplier evaluation Supplier communication and training
 <b>Community public</b>	Charity and community investment Product quality and safety Environmental compliance management Waste management Biodiversity protection	Voluntary service Community activities

# ESG GOVERNANCE

## MATERIALITY ASSESSMENT

In addition to the above-mentioned communication models, the Group assessed the importance of ESG issues from the two dimensions of “importance to stakeholders” and “importance to business management” based on its own development direction and industry characteristics.

During the Reporting Period, the results of the materiality assessment on such issues are as follows:

Degree of importance	Issue	Degree of importance	Issue	Degree of importance	Issue
Very important	Corporate Governance and Compliance Operation	Important	Anti-corruption	Relevant	Diversity and Equal Opportunity
		Important	Environment and Natural Resources	Relevant	Community Building
Very important	Product Quality and Safety			Relevant	Responsible Marketing
Very important	Employee Rights and Labor Management	Important	Energy Management		
		Important	Emission Management		
Very important	Occupational Health and Safety	Important	Use of Water Resources		
		Important	Response to Climate Change		
		Important	Employee Employment		
		Important	Development and Training		
		Important	Customer Rights and Interests Protection		
		Important	Intellectual Property Protection and Technological Innovation		
		Important	Information Security and Privacy Protection		
		Important	Supply Chain Management		

# ENVIRONMENTAL PROTECTION

We have formulated a management system for the Environmental Protection Responsibility System (《環境保護責任制》), which clarifies the environmental protection responsibilities of managers at all levels and departments, and implements environmental protection. Our EHS Management Committee vigilantly keeps track of national, provincial, municipal and local requirements on environmental protection management, and promptly urges all branches and subsidiaries and departments to implement these requirements. As of the end of the Reporting Period, a number of our subsidiaries have attained the ISO 14001 Environmental Management System certification. We have not encountered any substantial accidents or faced any notable claims for damages to persons or property and compensation related to health or safety during our operations.

## USE OF ENERGY AND RESOURCES

We strictly observe relevant laws and regulations, including the Law of the People’s Republic of China on Conserving Energy (《中華人民共和國節約能源法》) and the Water Law of the People’s Republic of China (《中華人民共和國水法》). We have integrated the requirements of the ISO 14001 Environmental Management System into our management.

We have implemented a series of measures to conserve energy consumption during the production process:

Name of branches and subsidiaries	Measures
Ningbo Conch	<ul style="list-style-type: none"><li>Optimizing the distillation process of triisopropanolamine: Adjusting the distillation process to shorten the distillation time, reducing the average electricity consumption per batch of products by approximately 25 kWh.</li><li>Optimizing the process of monoethanol diisopropanolamine: Pre-adding desalted water to shorten the insulation time, reducing the average electricity consumption per batch of products by approximately 45 kWh.</li><li>Optimizing feedwater management of the desalted water device: Replacing industrial water with domestic water as feedwater for the desalted water device, extending the service life of the MBR membrane from 2 years to over 5 years.</li><li>Optimizing polyether processing indicators: Increasing catalyzer dosage, reaction temperature and ethylene oxide feeding rate to improve production efficiency and reduce electricity consumption per tonne of products.</li><li>Optimizing heat transferring water operation frequency during the reaction maturation stage: Lowering the frequency of the heat transferring water pump, reducing the average electricity consumption per batch of products by approximately 10 kWh.</li><li>Optimizing steam usage management: Ensuring the medium-pressure steam flow being controlled between 1.2–1.5 t/h to reduce steam consumption per tonne of products, reducing the average steam consumption per tonne of products by approximately 40 kg.</li></ul>



# ENVIRONMENTAL PROTECTION

Name of branches and subsidiaries	Measures
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Meishan Conch	<ul style="list-style-type: none"> <li>Reconstructing polyether transfer pipelines: Reconstructing dissolved polyether pipelines to enable the direct transfer of dissolved polyether to the synthesis third-floor polyether metering tank, reducing the temperature of liquid polyether and shortening the cooling time in the reactor, thereby saving electricity and gas consumption.</li> <li>Reconstructing acrylic acid dilution water pipelines: Installing acrylic acid dilution water pipelines to transfer pure water in synthesis third-floor pure water metering tank directly to the acrylic acid storage tank, decreasing the previous need for motor-driven water pumping, reducing electricity consumption and improving unloading efficiency.</li> <li>Combining B/C materials of ME340 mother liquor: Combining B/C materials of ME340 mother liquor, reducing the use of one dripping tank, simplifying operating procedures, enhancing synthesis production efficiency, and reducing electricity consumption.</li> <li>Adjusting the operating frequency of the exhaust gas collection system: Contacting with manufacturers to reduce the motor operating frequency while ensuring that exhaust gas can be removed under normal circumstances to achieve the goal of energy saving and consumption reduction.</li> <li>Installing more thermo detectors: Installing more thermo detectors to the polyether pre-dissolution tank in unit 404 to monitor the polyether dissolution temperature in real-time, stopping heating immediately once the required temperature for dissolution is reached to reduce gas consumption.</li> </ul>
Huludao Haizhong	<ul style="list-style-type: none"> <li>Installing active harmonic filters in power distribution rooms to improve power quality and the service life of electrical equipment.</li> </ul>
Xiangyang Conch	<ul style="list-style-type: none"> <li>Optimizing the water outlet pipeline of the chiller to facilitate self-circulation cooling of the cooling water, saving energy consumption.</li> </ul>
Guigang Conch	<ul style="list-style-type: none"> <li>Conducting biannual inspections for energy saving and consumption reduction.</li> </ul>
Tongling Conch	<ul style="list-style-type: none"> <li>Standardizing management methods such as point inspection and periodic equipment maintenance, improving equipment operating efficiency, reducing idle power consumption, and preventing equipment idling.</li> </ul>
Qinghai Conch	<ul style="list-style-type: none"> <li>Reducing the operating time of lighting in work areas with good lighting conditions to save electricity consumption.</li> </ul>

# ENVIRONMENTAL PROTECTION

As of the end of the Reporting Period, most of our subsidiaries are newly established and equipped with energy-saving equipment, and in order to reduce the energy consumption, we have adopted a centralized production and batch shipping model to decrease the number of equipment startups. Through the above process optimization measures, we have significantly reduced the energy consumption and improved the production efficiency, laying a solid foundation for achieving green and low-carbon development.

In addition, we have explored the use of solar energy in certain subsidiaries to achieve efficient power supply while reducing carbon footprints, aligning with our commitment to green and sustainable development. As of the end of the Reporting Period, Meishan Conch has installed solar-powered streetlights.

	Unit	2024
Gasoline	Liters	126,746.61
Diesel	Liters	37,315.21
Purchased electricity	kWh	26,158,799.00
Solar power	kWh	1,168.00
Steam	GJ	2,241.91
Natural gas	Cubic meters	145,496.00
Comprehensive energy consumption	MWh	29,221.54
Comprehensive energy consumption intensity	MWh/production output	0.035

The Group's water supply is primarily sourced from municipal water networks, with a small portion of groundwater used by Linyi Conch. No issues have been encountered in securing suitable water sources. During the Reporting Period, based on our capacity growth forecasts and considering relevant water-saving measures, we set a target to maintain the production water consumption per ton of product at 98% of the 2023 fiscal year level for 2024. As of the end of the Reporting Period, we have achieved this target.

	Unit	2024
Water consumption	m <sup>3</sup>	542,835.72
Among which, groundwater	m <sup>3</sup>	15,175
Water consumption intensity	m <sup>3</sup> /production output	0.65

We will continue to explore potential energy-saving solutions within our production process, strive to reduce the use of energy and resources, and improve the efficiency of energy and resource usage. We will continuously improve employees' awareness of environmental protection and resource conservation through publicity and training.

# ENVIRONMENTAL PROTECTION

## EMISSION MANAGEMENT

We place a high value on environmental protection, and have taken steps to ensure that we comply with all applicable regulations. Our plants produce some exhaust gas, wastewater and waste residue during the manufacturing process. Our industry is not in the “high pollution and high environmental risk” product catalogue as published by the Ministry of Ecology and Environment of the People’s Republic of China in 2021. We have taken effective countermeasures to ensure that exhaust gases are released in accordance with the relevant requirements and hazardous wastes are disposed of in a responsible way. During the Reporting Period, in its annual production and operation indicators, the Group included environmental protection indicators and linked them to its assessment. We engaged qualified third-party agencies to dispose of wastewater and hazardous waste in a responsible way. We also entrusted a professional third-party environmental testing company to conduct on-site monitoring of wastewater (on a monthly basis), exhaust gas (on a quarterly and annual basis), noise (on a quarterly basis), and other emissions from the manufacturing environment. The Group conducted periodic self-review and engaged third parties to assess our compliance with relevant environmental measures.

Source of emissions	Unit	2024
Scope 1: Direct emissions <sup>1</sup>	Tonnes of CO <sub>2</sub> equivalent	<b>698.65</b>
Scope 2: Indirect emissions <sup>2</sup>	Tonnes of CO <sub>2</sub> equivalent	<b>14,283.42</b>
Total greenhouse gas emissions	Tonnes of CO <sub>2</sub> equivalent	<b>14,982.07</b>
Emission intensity	Tonnes of CO <sub>2</sub> equivalent/ production output	<b>0.018</b>

## Exhaust Gas Management

For exhaust gas, we strictly adhere to relevant laws and regulations, including the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and have set annual environmental protection technical indicators for organised, unorganised, and mechanical forklift exhaust gases according to the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》), which comprise SO<sub>x</sub>, nitrogen oxides, and particulate matters.

The Group sets the indicators for annual exhaust gas emissions, including nitrogen oxides, PM (particulate matter), SO<sub>x</sub> and other gases, and the emission results will be linked to its performance assessment. To minimise exhaust gas emissions during the production process, we are continually improving our product manufacturing procedures. As of the end of the Reporting Period, we have adopted two modes of exhaust gas treatment: exhaust gas absorption devices (water scrubbers and activated carbon adsorption) and regenerative thermal oxidisers, with Ningbo Conch having adopted both of these modes. Furthermore, we have engaged third-party organisations to oversee the environment in the manufacturing locations of each company.

<sup>1</sup> Direct greenhouse gas emissions are calculated based on Appendix 4 of the China Energy Statistical Yearbook 2020 (《中國能源統計年鑒2020》), GHG Protocol, IPCC, 2014: Climate Change 2014: Synthesis Report, Intergovernmental Panel on Climate Change Fifth Assessment Report Working Group I, Working Group II and Working Group III Reports (《IPCC, 2014: 氣候變化2014: 綜合報告·政府間氣候變化專門委員會第五次評估報告第一工作組、第二工作組和第三工作組報告》), the Guidelines for Compiling Provincial Greenhouse Gas Inventories (《省級溫室氣體清單編製指南》) (Trial, May 2011) and the Energy Statistics Workbook (《能源統計工作手冊》) (Department of Energy, National Bureau of Statistics, 2010).

<sup>2</sup> Indirect greenhouse gas emissions are calculated based on the average CO<sub>2</sub> emission factors of regional power grid in China under the Announcement on the Release of the CO<sub>2</sub> Emission Factors for Electricity in 2022 (《關於發佈2022年電力二氧化碳排放因子的公告》) from the Ministry of Ecology and Environment of the People’s Republic of China.



# ENVIRONMENTAL PROTECTION

We have adopted multiple technical refinement procedures to ensure the tail gas emissions fulfil the standards and to forestall the dissemination of hazardous chemicals. Penalties for noncompliance with pollutant emissions standards include warnings, fines, the establishment of deadlines for pollution remediation, orders to cease production or use, orders to reinstall pollutant prevention and treatment facilities that have been removed or abandoned without permission, and administrative actions against the relevant responsible persons or orders to close such entities.

We have established a sound environment risk early warning mechanism to obtain and issue environment risk early warning information in a timely manner and take corresponding early warning actions. In accordance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Regulations on the Prevention and Control of Atmospheric Pollution (《大氣污染防治條例》) and other rules, we have formulated the Plan for Hierarchical Management and Control in Heavy Pollution Weather (《重污染天氣分級管控方案》). Guided by the principle of "precaution as the focus, combining precaution with control", this Plan defines three levels of early warning for heavy pollution weather. It also clarifies the emergency response procedures, which shall be implemented as follows: obtaining early warning information, transmitting early warning information, initiating emergency measures, inspecting and controlling the process, and ending the emergency state.

Our exhaust gas treatment system employs a diversified range of processes, implementing classified treatment for exhaust gas pollutants of different natures. For instance, catalyst-equipped exhaust gas is treated through deep cooling combined with a two-stage water washing process before being released at a high altitude; exhaust gas arising in other processes, arising from tank breathing, at sewage stations, and in mercaptopropionic acid operation rooms, undergoes quality-based pretreatment according to pollutant characteristics before entering the RTO incineration system. The RTO system is designed to accommodate multiple exhaust gas streams, including exhaust gas arising in processing, arising from tank breathing, at sewage stations, and from other sources. Due to the batch intermittent characteristic of our production processes, the concentration of each exhaust gas stream fluctuates significantly, ranging from 0.1 to 140 g/m<sup>3</sup>. To ensure the stable operation of treatment facilities and compliance with exhaust gas emission standards, we have adopted a combined process of pretreatment and RTO. In the pretreatment stage, acid and alkali washing towers are used to treat the exhaust gas, effectively removing water-soluble pollutants while providing a buffering and homogenizing effect to ensure stable conditions for subsequent RTO incineration. The temperature for the oxidation chamber with the RTO unit is maintained at around 900°C, ensuring the complete combustion and decomposition of pollutants in the exhaust gas. The treatment system is designed for major pollutants such as ethylene oxide, propylene oxide and low-molecular-weight alcohols, all of which have thermal decomposition temperatures below 800°C. The RTO system demonstrates an excellent treatment efficiency. After treatment, exhaust gas emission indicators can meet the relevant requirements including the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》) (GB16297-1996), the Emission Standard of Pollutants for Petroleum Chemistry Industry (《石油化學工業污染物排放標準》) (GB31571-2015), and the Emission Standards for Odor Pollutants (《惡臭污染物排放標準》) (GB14544-93), achieving efficient purification and compliance with emission standards for pollutants.

During the Reporting Period, statistics on the Group's exhaust gas emissions were as follows:

Type of exhaust gas	Unit	2024
Nitrogen oxides	Tonnes	2.36
Sulfur oxides	Tonnes	0.07
PM particulate matters	Tonnes	0.79
NMHC	Tonnes	0.41
Ammonia	Tonnes	0.001
Volatile organic compounds	Tonnes	0.10

# ENVIRONMENTAL PROTECTION

We have taken adequate countermeasures to ensure that exhaust gases are released in line with standards and hazardous wastes are disposed of in a responsible way. As of the end of the Reporting Period, we have received a number of environmental protection honors. For example, Ningbo Conch was awarded the “Top 100 Provincial Waste-Free Factory with “Waste-Free City Cells” for 2023 (2023年度百優“無廢城市細胞”省級無廢工廠)” in August 2024, and the “Ningbo Green Factory (《寧波市綠色工廠》)” issued by Ningbo Municipal Economic and Information Technology Bureau. Meishan Conch was awarded as “Green Factory in the Building Materials Industry in 2024” by the China Building Materials Federation.

## Wastewater Management

The Group strictly abides by relevant laws and regulations including the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》). All companies have set discharge indicators for wastewater according to the Wastewater Quality Standards for Discharge into Urban Sewers (《污水排入城鎮下水道水質標準》), covering pH values and suspended solids. The safety and environmental management department carries out the application for sewage licence in an orderly manner in accordance with the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》), the Catalogue of Classified Management of Discharge Permits for Stationary Pollution Sources (固定污染源排污許可分類管理名錄) and the industry-related technical specifications on the application and issuance of sewage discharge permit, etc. For sewage that requires special treatment, we engage third parties to treat it.

### Case: Xiangyang Conch Organized Third Parties to Conduct Environmental Testing

We have always regarded environmental testing as an important cornerstone of the sustainable development for the enterprise and have placed great emphasis on it. To this end, Xiangyang Conch took proactive steps by commissioning a third-party professional agency to conduct a comprehensive range of environmental monitoring activities, covering detailed inspections of enterprise-specific discharge outlets, calibration of the stable operation of rainwater online monitoring devices, precise monitoring of exhaust gas online monitoring equipment, and scientific assessment of soil quality, with an aim to ensure that all environmental protection indicators meet national requirements and to elevate the company's green development to a new level.



# ENVIRONMENTAL PROTECTION

During the Reporting Period, we implemented a series of scientifically effective measures to ensure the resourceful utilization and compliance with discharge standards of wastewater. Specifically, we optimized our process design to reuse the high-concentrated saline water generated during the desalinated water production process in the compounding process. Additionally, we reused the drainage from the tail gas washing tower in the alcohol amine section for ammonia water preparation, achieving efficient water resource utilization. Our wastewater mainly includes equipment and floor washing water, wastewater from the tail gas absorption tower in the RTO system, laboratory wastewater, domestic sewage, and circulating cooling and refreshing water discharge. Among them, part of the circulating cooling and refreshing water is reused in the grinding aid compounding process, while the remaining part is directly discharged into the main sewage outlet; other types of wastewater are pre-treated in our self-built sewage treatment station before being sent to the Huaqing Wastewater Treatment Plant (華清污水處理廠) for further treatment, and are finally discharged after the direct discharge standards within water pollutant emission limits specified in Table 1 of the Emission Standard of Pollutants for Petroleum Chemistry Industry (《石油化學工業污染物排放標準》) (GB31571–2015) are met.

Our sewage treatment station employs an advanced MBR processing technology, which can integrate both production wastewater (excluding circulating cooling and refreshing water) and domestic sewage into the treatment system. After the pretreatment and further treatment, wastewater is discharged in compliance with standards. Through scientifically standardized wastewater treatment processes and strict discharge standards, we have effectively achieved the recycling of water resources and compliance with pollutant discharge standards, making a positive contribution to environmental protection and sustainable development.

During the Reporting Period, statistics on the Group’s wastewater discharge were as follows:

	Unit	2024
Wastewater discharge	Tonnes	39,593.73

## Waste Management

Conch Mat Tech strictly abides by the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), and has formulated the Measures for the Control and Management of Solid Waste (《固體廢物控制管理辦法》) to manage waste generated during the production and operation process on a full-process basis. We strictly supervise and manage the generation, collection, classification, storage, transportation, disposal and other stages of waste in accordance with the waste management procedures required by laws and regulations. During the Reporting Period, we engaged qualified third-party agencies to dispose of hazardous waste in a responsible way.

The Group has dedicated hazardous waste temporary storage warehouses. The warehouse floors are hardened and elevated above the factory’s base level, with skirtings made of robust and impermeable materials to effectively prevent the ingress of rainwater and the overflow of leakage solution, ensuring environmental safety. All hazardous wastes are classified, collected, sealed and stored in designated containers with covers in accordance with regulations, achieving standardized management.



# ENVIRONMENTAL PROTECTION

In strict accordance with the requirements from the Measures on the Management of Hazardous Waste Manifests (《危險廢物轉移聯單管理辦法》), the Group implements a five-part manifest system for the transfer and transportation of hazardous waste, ensuring that the transfer process of hazardous waste is legal, compliant and traceable. Hazardous waste is ultimately entrusted to qualified third-party agencies for safe treatment through the five-part manifest system. The dispatching unit, and local environmental protection department, transportation unit, accepting unit and local environmental protection department all track the manifest to ensure the proper management and harmless treatment of hazardous waste, earnestly fulfilling their environmental protection responsibilities.

To enhance the information management of hazardous waste, Ningbo Conch has installed an electronic scale with printing functionality in the hazardous waste warehouse and connected it to the Solid Waste Management Platform of Zhejiang Province. After hazardous waste is stored in the warehouse, relevant information is uploaded to the system in real-time, generating a Zhejiang Solid Waste Code (浙固碼) to achieve full-process traceability management of hazardous waste transfers, and ensuring to achieve a 100% issuance rate for Zhejiang Solid Waste Code.

The statistics of our non-hazardous waste in the Year are as follows:

	Unit	2024
Total non-hazardous waste	Ton	97.99
Non-hazardous waste intensity	Ton/production output	1.18

The statistics of our hazardous waste in the Year are as follows:

	Unit	2024
Total hazardous waste	Ton	54.06
Hazardous waste intensity	Ton/production output	0.65

During the Reporting Period, we set a target to reduce the emission of hazardous waste per tonne of product produced in 2024 to 95% of the level emitted in the FY2023. As of the end of the Reporting Period, this target had been achieved. To guarantee clean production and sustainable development, we will remain firm in regulating our management, integrated utilisation, and harmless disposal of solid waste, restraining disorderly discharge, and disposing in strict compliance with relevant permits. We will also reinforce online monitoring and daily facility operation and maintenance management to meet discharge standards and reduce waste discharge.

## Packaging Materials Management

The production and use of packaging materials often involve significant resource consumption and energy input, and may also generate waste, thereby exerting a certain impact on the environment. Conch Mat Tech places high importance on the sustainable management of packaging materials and endeavours to minimize their ecological impact through innovation and optimization.

The packaging materials for the Group's products primarily took the form of tanks, with polyethylene (PE) and stainless steel being the main materials. When selecting packaging materials, we prioritized their environmental performance and recyclability value. By continuously optimizing packaging design and material selection, we aimed to reduce the overall environmental impact.

# ENVIRONMENTAL PROTECTION

During the Reporting Period, the Group's consumption of packaging materials was as follows:

	Unit	2024
Tanks	Unit	609
Packaging bag	Unit	2,267,246
General packaging materials consumption intensity	Unit/production output	27,326.09

## ENVIRONMENT AND NATURAL RESOURCES

The overall impact of our operations on the natural environment is minimal. Specifically:

In terms of raw material usage, we do not engage in direct extraction of natural resources;

During the production process, there are emissions of waste gas and wastewater. For details, please refer to "Exhaust gas management" and "Wastewater Management". None of these activities have caused significant adverse impacts on the environment or natural resources.

## RESPONSE TO CLIMATE CHANGE

Climate-related issues may lead to increasing risks of extreme weather events, such as frequent heavy rainfall, strong winds, and high temperatures. These events could pose threats to the safety of our employees and cause damage to our factory facilities, while also imposing higher requirements on enterprises to address climate change and promote low-carbon development. As a responsible enterprise, we fully recognize the importance and urgency of reducing greenhouse gas emissions.

### Governance

The Group has a sound ESG governance system in place to oversee the ESG matters, which includes addressing climate change. The Board is the highest decision-making body for addressing climate change. At the management level, the EHS Management Committee shall be responsible for implementing specific measures and supporting the governance level's oversight.

### Strategies

In recent years, as the Group's factories have been gradually put into operation, we have incorporated climate change risks into our factory location and construction planning. The Group has considered and tested the safety and reliability of its equipment within a certain temperature range during the selection, procurement, and installation processes. The Group's main containers and storage tanks are made of polyethylene or stainless steel, both of which are resistant to high temperatures. Overall, climate change risks do not have a significant influence on the Group's operations and financial performance.

# ENVIRONMENTAL PROTECTION

## Risk Management

We have integrated climate risks into our comprehensive enterprise risk management process, and established a sound process for identifying, assessing, and managing climate risks. This helps us further identify the risks and opportunities arising from climate change and be aware of its impact on our operations and finances. Based on the identified risks and opportunities associated with climate change, the Group has developed response measures and actively made extreme weather response plans, so as to ensure the smooth business operation. In addition, the Group has promoted green transformation across different dimensions, positioning it as an active participant in addressing climate change.

## Physical Risks

We understand the importance of raw material supply to our business continuity. As the countermeasures to this problem, externally, we have intensified the research on raw material markets and the judgment on the trend of raw material markets, and established long-term cooperation with domestic upstream chemical enterprises, so as to ensure the stable supply of raw materials; internally, we have adopted appropriate inventory policies, set alert inventory value for raw materials in conjunction with inventory turnover cycles, and closely tracked raw material inventory status to ensure reasonable inventory level. In the event of unexpected supply problems, we can purchase raw materials from nearby raw material factories to ensure the supply of raw materials. At the same time, in order to cope with and mitigate the adverse impact of relevant weathers on the production of the Group, the EHS Management Committee regularly tracks weather conditions, adjusts production arrangements accordingly, and prepares disaster prevention supplies in advance.

## Transition Risks

We will continue to give play to our advantages in production capacity and scale, deepen our cooperation with upstream companies, and shape a sustainable and competitive ecological chain.

## Indicators and Objectives

Greenhouse gas emissions came mostly from the electricity and purchased steam. We currently use steam in our polyether monomer production process to control the reaction temperature. The steam enters our in-house dedicated steam line through an external pipeline to control the reaction heat through heat exchange, and the amount used is counted by a dedicated steam flow meter. From 2022 onwards, the initiation of production at Ningbo Conch, Tongling Conch and Guigang Conch caused a surge in greenhouse gas emissions, mainly resulted from electricity, purchased steam and natural gas needed for production. Correspondingly, due to the fact that the use of purchased steam has increased, the greenhouse gas emissions density has increased significantly. With the forecast of future production capacity expansion and production scheduling, we have set the following objectives for the Year: our electricity usage for per tonne of product in 2024 remains at 95% of our FY2023 level, and our natural gas usage for per tonne of product is reduced to 95% of our FY2023 level. As of the end of the Reporting Period, the objectives have been achieved.

# EMPLOYEE CARE

The strategy of strengthening the enterprise through talent is one of the core strategies of Conch Mat Tech. We have always adhered to a people-oriented approach in talent management, consistently upholding the principle of creating opportunities for employees and helping them realize their value. As the enterprise rapidly develops, we have cultivated a robust team of talented individuals.

We have always regarded the recruitment of professional talent as a crucial means to maintain the Group's rapid development and competitive edge in human resources. Each year, we attract outstanding fresh graduates from top universities across the country. The addition of these new talents provides a robust supply of human resources and a strong talent reserve for our sustainable growth. At the same time, Conch Mat Tech has also opened up various channels to select and hire the best candidates from the society. We attract various professional and technical as well as management talents, cultivate and integrate them, enabling them to become the backbone of the enterprise's technical and management teams.

## EMPLOYEE EMPLOYMENT

The Group strictly complies with relevant laws and regulations, such as the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), and the Employment Promotion Law of the PRC (《中華人民共和國就業促進法》), so as to safeguard the legitimate rights and interests of our employees.

In terms of employee employment, we have formulated a series of regulations, including the Administrative Measures for Staff Recruitment (《員工招聘管理辦法》) and the Administrative Measures on Labour and Personnel Matters (《勞動人事管理辦法》), to ensure open and equal recruitment for both internal and external candidates. We have developed a comprehensive recruitment management system that includes campus recruitment, social recruitment, and internal recruitment. The entire recruitment process is conducted online, supported by a well-structured and fair assessment management procedure. At the same time, we have implemented a candidate qualification review process, which evaluates applicants based on age, educational background, professional qualifications, work experience, and records of rewards and penalties. We strictly prohibit the employment of child labour and forced labour. During the Reporting Period, there were no instances of child labour or forced labour within the Group.



# EMPLOYEE CARE

We respect differences and encourage diversity. We do not engage in employment discrimination based on factors such as ethnicity, gender, region, religious belief, disability status, etc. We adhere to the principle of anti-discrimination, create an equal and diverse employment environment, and encourage female employees to exert their influence in their positions, thereby shaping an employee structure that is in line with the development of the Group. As of the end of the Reporting Period, the total number of employees in the Group was 876, all of whom were full-time employees. Among them, there were 55 employees from ethnic minority groups, accounting for 6.28%. The specific distribution is as follows:

	2024	
	Headcount	Percentage
<b>Gender</b>		
Male	713	81.39%
Female	163	18.61%
<b>Ethnicity</b>		
Han ethnic group	821	93.72%
Other ethnic groups	55	6.28%
<b>Age</b>		
Under 30 years old (including 30 years old)	331	37.79%
31–40 years old (including 40 years old)	367	41.89%
41–50 years old (including 50 years old)	128	14.61%
Over 51 years old	50	5.71%
<b>Geographical region</b>		
Northern China	107	12.21%
Northeast China	26	2.97%
Northwest China	65	7.42%
East China	341	38.93%
Central and South China	183	20.89%
Southwest China	149	17.01%
Overseas	5	0.57%

Conch Mat Tech places great emphasis on the growth and development of every employee. We firmly believe that employees are the most valuable asset of the enterprise, and their well-being and health are directly linked to the long-term development of the enterprise. Therefore, we are committed to creating a safe, healthy, and harmonious working environment, providing comprehensive support and care.

### Case: Revisiting Revolutionary History through Revolutionary-themed Films — Conch Mat Tech Organized a Screening Event of Revolutionary-themed Film

In an effort to promote revolutionary spirit, guide employees to review the glorious revolutionary journey, and inspire their dedication and passion for their duties, each of Conch Mat Tech and Huludao Haizhong organized screenings of the revolutionary-themed film, *The Volunteers: The Battle of Life and Death* (《志愿军：存亡之战》). Through the movie, attendees gained a profound appreciation for the bravery and resilience of the Chinese People's Volunteer Army, drawing further inspiration from these red stories (i.e. stories with revolutionary themes) to fuel their progress. After the screening, participants unanimously expressed their commitment to remembering history, carrying forward the spirit of their predecessors, and staying true to their original aspirations and missions. With renewed enthusiasm and vigour, they pledged to contribute to the Group's high-quality development.



# EMPLOYEE CARE

Talent attrition is a common challenge in corporate talent management. The Group actively analyzes the reasons for employee turnover and implements targeted improvements to retain top talent. For employees who resign voluntarily, we ensure their rights and interests are protected in accordance with the law, guaranteeing a legally compliant exit process. Additionally, we maintain an open attitude toward the rehiring of former employees. In 2024, the total number of employee turnover at Conch Mat Tech was 69, of which seven were due to natural retirement. The details are distributed as follows:

	2024	
	Headcount	Percentage
<b>By gender</b>		
Male	56	7.85%
Female	13	7.98%
<b>By geographical region</b>		
Northern China	2	1.87%
Northeast China	2	7.69%
Northwest China	9	13.85%
East China	31	9.10%
Central and South China	9	4.92%
Southwest China	16	10.74%
Overseas	0	0%
<b>By age</b>		
Under 30 years old (including 30 years old)	46	13.90%
31–40 years old (including 40 years old)	17	4.63%
41–50 years old (including 50 years old)	5	3.91%
Over 51 years old	1	2.00%

# EMPLOYEE CARE

## Employee labour union

The labour union, serving as a vital bridge between employees and the enterprise, fully leverages its functional role to safeguard the legitimate rights and interests of employees and promote harmonious and stable labour relations. Conch Mat Tech has always been actively promoting the establishment and development of the labour union, ensuring that the labour union covers all employees.

We pay great attention to the living and working conditions of our employees. For the employees in need within the Group, we have actively carried out consolation activities, delved deeply into their actual difficulties, and provided necessary assistance and support to ensure that they can get through the tough times and feel the warmth and care of the Group. At the same time, we also give special attention to the families of our overseas employees. We are fully aware of the hardships faced by overseas employees who work abroad for a long time and the additional burdens borne by their families. Therefore, we have expressed our condolences and gratitude to the families through various means, enabling them to feel the respect and understanding from the Group.





# EMPLOYEE CARE

## DEVELOPMENT AND TRAINING

We adhere to the people-oriented principle and attach great importance to the development and progress of our employees. We continuously increase our investment in employee training. Upholding the development concepts of fairness, justice and talent diversity, we have established a sound career promotion channel and strive to provide a broad development platform for every employee. We have established a complete training organization system, implementing graded trainings and professional trainings. We strive to cultivate a “learning-encouraging corporate” culture to enable employees to master the necessary skills, knowledge, and experience, so as to keep abreast of the latest industry developments and fulfill their respective responsibilities.

In terms of employees’ rights and interests, we have formulated the employee code of conduct. We strictly arrange working hours in accordance with the standard working hour system, and pay social insurance premiums for employees on time every month, including medical insurance, work-related injury insurance, maternity insurance, etc., to safeguard employees’ legitimate rights and interests.

In 2024, the Group invested a cumulative amount of RMB288,900 in employee training. The total training hours for employees organized by the Group reached 2,502 hours, covering 100% of the Group’s employees. The specific training situation is as follows:

Indicators		2024	
		Unit	Percentage
Percentage of trained employees by gender	Male	%	82.05
	Female	%	17.95
Percentage of trained employees by function	Senior Management	%	3.11
	Middle Management	%	13.58
	Grassroots employees	%	83.31
Number of training courses	/	sessions	1,251
Number of offline courses	/	sessions	1,251
Number of attendances in offline courses	/	persons	869
Average training hours per person	/	hours/year	22.61
Total training hours	/	hours/year	2,502
Annual training hours for new employees	/	hours/year/person	24
Training hours by gender	Male	hours/year/person	21
	Female	hours/year/person	24
Training hours by employee category (e.g., senior, middle)	Senior Management	hours/year/person	8
	Middle Management	hours/year/person	16
	General employees	hours/year/person	24

# EMPLOYEE CARE

## Case: Conch Mat Tech Conducted an Intensive Sales Professional Training

In order to further strengthen the construction of the Company's sales team, cultivate employees' sense of corporate belonging, and enhance the comprehensive qualities and professional levels of sales staff, the sales department of Conch Mat Tech held the fourth phase of intensive sales professional training at the Conch International Conference Center (海螺國際會議中心) from 22 to 23 July 2024. A total of 48 sales staff from various subsidiaries participated in this training.

This training adopted various forms such as on-site teaching, field visits, and discussion and communication, with the focus on improving the comprehensive qualities of sales staff. The training content was rich and diverse, covering many aspects such as sales techniques, market analysis, and customer relationship management. Through this training, the sales staff not only improved their professional skills but also enhanced team cohesion and a sense of belonging, laying a solid foundation for the future sales work of the Group.



In terms of employee promotion, we also attach great importance to the construction of a high-level and high-quality talent team. We have established a talent reserve pipeline to provide employees with extensive career development opportunities. We select employees with development potential through internal promotion, carry out targeted development and cultivation, and establish an enterprise talent echelon. We also conduct regular promotion evaluations and promptly provide promotion opportunities to employees with excellent performance, enabling employees to have a clear career advancement path within the Group. This stimulates employees to keep making progress and develop together with the Group.

## HEALTH AND SAFETY

The Group pays close attention to the safety and health of every employee. We strictly comply with relevant laws and regulations, such as the Work Safety Law of the PRC (《中華人民共和國安全生產法》), the Fire Prevention Law of the PRC (《中華人民共和國消防法》), the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and the Law of the PRC on the Special Equipment Safety (《中華人民共和國特種設備安全法》). A series of measures have been implemented to fully safeguard the health and safety of our employees.

# EMPLOYEE CARE

In terms of institutional development, we have established a series of policies, including the Management System for Occupational Health (職業健康管理制), the Management System for Work Safety and Occupational Health (EHS) (安全生產職業健康(EHS)管理制度), the Responsibility System for Safety, Environmental Protection and Occupational Health (EHS) (安全環保職業健康(EHS)責任制), the Responsibility System for Occupational Disease Prevention and Control (職業病危害防治責任制), and the Compilation of the Management System for Safety, Fire Protection, and Occupational Health (安全消防職業衛生管理制度彙編). These policies cover every safety and health-related aspect of the production process, effectively safeguarding the well-being of every employee. We have further clarified the specific responsibilities of management at all levels and employees in the areas of safety, environmental protection, and occupational health, forming a top-down, multi-tiered accountability system.

Conch Mat Tech conducts annual occupational disease health check-ups for all employees, with professional institutions performing detailed health assessments to ensure timely identification and intervention of potential health risks, thereby achieving the goal of “prevention before occurrence”. We engage occupational health technical service providers with relevant qualifications to perform annual occupational hazard factor inspections in the workplace. During the Reporting Period, we invested a total of over RMB5.2 million in workplace safety and employee health protection. These preventive investments have not only effectively safeguarded employees’ health rights but also laid a solid foundation for sustainable corporate development of the Group. As of the end of the Reporting Period, there were no violation of laws and regulations in respect of production safety and occupational health and safety.

In terms of occupational health and safety, we have always adhered to the principle of “prevention-first and full staff participation”, continuously conducting safety and health education and training to enhance employees’ safety awareness and self-protection ability. In 2024, we organized more than 550 workplace safety education activities, achieving full employee participation; 45 emergency fire drills were carried out, with participation of more than 835 individuals. Tailored training content has been developed for different positions to ensure relevance and effectiveness. To ensure training quality, we have established an assessment and evaluation mechanism to dynamically optimize training programs and maximize training outcomes through regular tests and feedback analysis.

## Case: Linyi Conch Conducted an Occupational Health Training and Safety Drill

We have always been committed to providing employees with a safe and healthy working environment. During the Reporting Period, to further enhance employees’ safety awareness and self-protection ability, Linyi Conch organized a comprehensive occupational health and safety training activity. The training covered fundamental safety operating procedures, guidance on identifying potential hazards in the workplace, effective preventive measures, and an occupational health and safety drill. Through a combination of theoretical learning and practical exercises, each participant gained a profound understanding of the importance of occupational health and safety management and acquired essential safety skills.



## Case: Huludao Haizhong Conducted an Specialized Emergency Drill for Hazardous Chemical Leakage

To implement regulatory requirements such as the Management Measures for Emergency Response Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》) and the Emergency Response Measures for Work Safety Accidents of Liaoning Province (《遼寧省生產安全事故應急辦法》), Huludao Haizhong conducted a comprehensive emergency drill for work safety accidents on 25 March 2024. The drill aimed to analyze operational challenges, train emergency response teams, and strengthen coordination capabilities. It was divided into three phases: on-site handling (slight leakage), comprehensive emergency response (large amount of leakage), and on-site emergency handling.

The drill validated the compliance and practicality of the emergency plan while exposing gaps compared to real accident rescue scenarios. Moving forward, we will strengthen safety culture development, rigorously implement the primary responsibility for work safety across all positions, and ensure continuous improvement and high efficiency of emergency management.



We are fully aware that chemical products inherently carry safety risks such as flammability and explosiveness, and fire safety is a paramount priority in the safety management of chemical enterprises. With the theme of “Public Fire Fighting to Put Life First”, Conch Mat Tech conducts fire drills for employees to learn fire safety knowledge, improve fire safety awareness, enhance emergency response capability, and build up a firm ideological and technical safeguards for fire safety in the Group.



# EMPLOYEE CARE

## Case: “Public Fire Fighting to Put Life First” — We Are in Action — Conch Mat Tech Continued Fire Safety Awareness Month Campaigns

Conch Mat Tech and its subsidiaries have actively organized fire drills and safety education activities. Guigang Conch participated in an emergency drill for hazardous chemical work safety accidents within its local industrial park, while Xiangyang Conch conducted a specialized emergency drill for fire incidents involving critical hazard sources. Huludao Haizhong organized its part-time firefighting team to compete in a district-level firefighting skills competition and arranged employee visits to an educational exhibition on fire safety. Ningbo Conch organized staff representatives and contracted workers to visit a specialized fire rescue station for training. Xianyang Conch and Qinghai Conch focused on training for fire extinguisher and hydrant operations. These activities have significantly strengthened employees’ fire safety awareness and emergency response capabilities, providing solid safeguards for work safety of the Group.



In terms of risk prevention and control, we have established a systematic work safety risk identification mechanism, and identified a total of 744 work safety risks throughout the year. Through strict closed-loop management measures, all risks were promptly and effectively addressed, with a 100% rectification rate. These efforts fully demonstrates our strong commitment to occupational health of our employees, as well as the continuous improvement and outstanding effectiveness in work safety management.

Over the past three years, the Group has recorded 0 work-related fatalities and injuries. The work-related injuries for 2024 are as follows:

	Unit	2024
Number of work-related injuries	person	0
Injury rate by thousand person	%	0
Lost days due to work-related injury	day	0

# SOCIAL RESPONSIBILITY

## PRODUCT RESPONSIBILITY

As a fine chemical materials supplier specializing in cement admixture, concrete admixture and their upstream raw materials, Conch Mat Tech deeply understands the profound significance of product quality for enterprises and society. We always regard product quality as the lifeline of our business, adhering to the strictest standards, the most rigorous attitude and the most professional expertise to ensure that all of our products meet market demands, safeguard engineering safety, and contribute to sustainable development. This is not only our commitment but also our responsibility and accountability to society and the environment. Moving forward, we will continue to lead development through innovation, earn trust with quality, and contribute to the high-quality advancement of the building materials industry.

### Product Quality Management

Conch Mat Tech strictly abides by the Product Quality Law of the PRC (《中華人民共和國產品質量法》) and other laws and regulations, and has formulated a series of internal systems, such as the Enterprise Quality Management Regulations (Trial) (《企業質量管理規程(試行)》) and the Acceptance Standards Database for Raw and Auxiliary Materials (《原輔材料驗收標準庫》), to strengthen the quality control over raw and auxiliary materials and improve the product quality and safety of the Group. During the Reporting Period, the Group did not experience any material product recalls arising from safety and health reasons.

The Group has established a comprehensive product recall management system. Through implementing regulatory documents including the Management Measures for Quality Complaint and Dispute Resolution (《質量投訴與糾紛處理管理辦法》) and the Management Measures for Non-Conforming Product Control (Revised Edition) (《不合格品控制管理辦法(修訂稿)》), it exercises full-process management over raw materials, intermediate products, finished goods and suspect materials. During the Reporting Period, the Group further optimised its non-conforming product control process. Through systematic management measures including identification, documentation, segregation, evaluation and disposal of non-conforming products and suspect materials, combined with analysis and evaluation by production departments, it completed Non-conforming Product Disposal Forms (《不合格品處置單》) or the Treatment List for Corrective or Preventive Measures (《糾正或預防措施處理單》) to ensure timely and standardised handling of non-conforming products and suspect materials. This maximises resource utilisation and enhances value, thereby promoting sustainable corporate development.

To ensure the high quality standard of our products, the Group strictly produces them in accordance with the formulas and rigorously implements production inspection procedures to ensure that every production process meets the highest standards. Additionally, we prioritize transportation quality to ensure product safety during delivery, thereby maintaining exceptional quality of the products that leave our factories.



# SOCIAL RESPONSIBILITY

The Group actively promotes a collaborative sales model to strengthen close cooperation with our partners. Through participation in quality symposiums, we not only share best practices, but also explore market demands and understand the specific needs and feedbacks of our customers, so as to continuously optimize our products and services and enhance our competitiveness in the market.

During the Reporting Period, our requirements of quality acceptance indicators for raw materials are as follows:

- Authority and flexibility of the Acceptance Standards Database for Raw and Auxiliary Materials (《原輔材料驗收企業標準庫》): We have explicitly served this database as the core reference acceptance standard for raw and auxiliary materials quality across subsidiaries. This database not only provides a unified acceptance standard, but also encourages subsidiaries to flexibly add relevant indicators on the basis of following this standard and taking into account the actual situation, thus further strengthening acceptance control. Any adjustment to acceptance standard for raw materials must be submitted to the Technical Center and Quality Department for approval to ensure the reasonableness and compliance of the adjustments.
- Review of existing acceptance indicators and handling special circumstances: Subsidiaries are required to promptly compare the existing raw material acceptance indicators with the newly issued acceptance indicators in a comprehensive and detailed manner. If deviations arise due to resource availability or cost-effectiveness, resulting in some raw materials could not fully implement the requirements of the reference standard, a formal report must be submitted to the Technical Center and Quality Department for review and approval.
- Testing and verification of sealed samples: In order to ensure the quality stability and traceability of raw and auxiliary materials, we stipulate that the Technical Center shall randomly take sealed samples for testing and verification from time to time. Through scientific and rigorous testing methods, potential quality issues can be identified and solved in a timely manner, so as to ensure that all raw and auxiliary materials put into production comply with the established quality standards.
- Handling mechanism for raw and auxiliary materials exceeding contract specifications: We have established a comprehensive mechanism to address raw and auxiliary materials whose final inspection results exceed contract specifications. Depending on specific provisions of the contract terms, we may adopt handling methods, such as material returns or concessionary acceptance. This mechanism not only helps safeguard the legitimate rights and interests of the Group, but also ensures product quality while mitigating potential risks arising from material-related issues.

## Technological Innovation

During the Reporting Period, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) issued the Notice on the 2023 Special Evaluation Results of Local “Double Hundred Enterprises” and “Sci-Tech Reform Enterprises” (《關於印發地方“雙百企業”“科改企業”2023年度專項評估結果的通知》), in which Conch Mat Tech was once again honored as a “Benchmark” Enterprise under the Local Sci-Tech Reform Demonstration Initiative. This marks the second consecutive year the Group has received this honor. The Sci-Tech Reform Demonstration Initiative (科改示範行動), a state-owned enterprise (SOE) reform program organized and implemented by SASAC, aims to cultivate a cohort of exemplary state-owned technology-driven enterprises that pioneer independent innovation. As one of the three Anhui-based enterprises recognized as 2023 Benchmark Enterprises, Conch Mat Tech has demonstrated outstanding achievements in technological innovation. Since the implementation of Sci-Tech Reform Demonstration Initiative, we have focused on the fine chemical new materials sector, continued to increased investments in R&D, constantly improved our innovation systems, optimized incentive mechanisms, and stimulated innovation vitality, so as to strengthen, optimize, and expand state-owned capital. We will continue to adhere to the innovation-driven development philosophy, constantly enhance our core competitiveness, and contribute to the realization of high-quality growth.



# SOCIAL RESPONSIBILITY

## Case: Conch Mat Tech was honored as one of “2023–2024 Management Innovative Enterprises in Building Materials Industry”.

From 10 July to 12 July 2024, Conch Mat Tech was honored as one of “2023–2024 Management Innovation Enterprises in the Building Materials Industry” at the 2024 Building Materials Enterprise Management Innovation Conference and the Eleventh Council of the Eighth Session of China Building Materials Enterprise Management Association (中國建築材料企業管理協會) held by the China Building Materials Enterprise Management Association.





# SOCIAL RESPONSIBILITY

## Industry Communication

Conch Mat Tech has always been committed to promoting industry communication and cooperation within the industry, and actively participates in various industry forums, seminars and technical conferences. Through continuous industry communication, we not only enhance our own competitiveness, but also contribute to the healthy development of the industry.

### Case: Conch Mat Tech was invited to participate in the Ethanolamine Summit

From 25 July to 26 July 2024, Conch Mat Tech attended the 2024 Ethanolamine & Ethyleneamine Industry Summit held by SCI (卓創資訊). This Summit focused on the supply and demand of ethanolamine, industry development trend and other topics. The participants fully exchanged views on ethanolamine production capacity, international situation and downstream market demand in the second half of the year, and Conch Mat Tech attended the Summit and participated in the symposium. The Group was invited to interpret the data on the development trend in global ethanolamine industry and the downstream isopropanolamine market and share professional insights, which provided valuable perspectives for the future development of the industry.



# SOCIAL RESPONSIBILITY

## Customer Service Management

To strengthen quality complaint and dispute management and standardize customer complaint handling procedures, we formulated the Administrative Measures for Quality Complaints and Dispute Handling (《質量投訴與糾紛處理管理辦法》), which clarifies the management responsibilities of each department, enhances handling efficiency, improves customer satisfaction, and mitigates operational risks.

During the Reporting Period, we established a special working group for handling quality complaints and disputes, with the general manager as the head of the group, and the senior executives in charge of quality and sales as the deputy head of the group. Its members include key leaders from the Technical Center, Sales Department, Finance Department and Production Department. The working group is responsible for handling all quality-related complaints and disputes across the Group, including comprehensive collecting and feeding back quality complaints, establishing a sound customer complaint management system, analyzing the causes of the complaints, and formulating feasible rectification plans, as follows:

- Sales Department: It is mainly responsible for tracking and verifying product usage effect, and providing professional technical consulting services. At the same time, the Sales Department is responsible for receiving, transferring and tracking customer complaints, especially about the product usage effect (i.e. customer experience), which will be handled directly by the Sales Department.
- Technical Center: It is responsible for developing and continuously optimizing quality complaint and dispute handling procedures. It analyzes the handling progress of quality complaints against the Group and provides timely feedback of relevant information every month to ensure all unresolved complaints are followed up in a timely manner, forming closed-loop management. For complaints involving technical defects of the products (i.e., inherent product quality issues), or major quality issues that are difficult for the Sales Department to resolve on its own, the Technical Center will lead the handling of them.
- Production Department: It collaborates closely with the Technical Center to trace the causes of product quality issues and analyze the product production processes. At the same time, it also actively assists in the smooth implementation of after-sales service and complaint handling efforts.

To ensure customer satisfaction and uphold corporate reputation, Conch Mat Tech has implemented a comprehensive customer complaint handling mechanism. When a customer reflects that there are quality issues with the Group's products, the Sales Department and Technical Center will respond promptly and be responsible for collecting and verifying the relevant information about the product quality issues reflected by the customer, including basic details such as product type, batch and quantity, to obtain first-hand information. Subsequently, the relevant departments will carry out standardized processing based on the Product Quality Complaint Handling Flow Chart (《產品質量投訴處理流程圖》) to ensure that the relevant issues are in a timely and proper manner.

# SOCIAL RESPONSIBILITY

To build an efficient and orderly customer complaint management system, Conch Mat Tech has formulated a detailed procedure for receiving and transferring customer complaints. As the primary channel for receiving customer complaint information, the Sales Department is responsible for collecting customer feedback on quality issues and other related complaint information. Once a customer complaint is received, sales personnel must immediately transfer such information to the Sales Department, which conducts preliminary screening and documentation of the complaint. After initial processing, the Sales Department will record the complaint details in the Customer Complaint Registration Form (《客戶投訴登記表》), and properly archived it for future reference. Subsequently, such information will be submitted to the Quality Complaints and Disputes Handling Team, which makes an initial judgment on the complaint type based on professional standards. If it is classified as an application-related customer complaints, the Sales Department will lead in handling it; for technical/quality-related complaints, major quality complaints, or complex issues that are difficult for the Sales Department to resolve on its own, the Sales Department will work together with the Technical Center to carry out in-depth investigations and handle them properly. Through this rigorous and standardized process, we ensure a quick response and effective solution to customer complaints, which not only strongly protects the legitimate rights and interests of customers, but also greatly enhances the public image and reputation of the Group. During the Reporting Period, the Group did not receive any complaints against us through the 12315 Consumer Complaint Platform or from market supervision authorities.

## Information Security and Privacy Management

Conch Mat Tech attaches great importance on the security management of corporate and customer information, strictly adhering to laws and regulations such as the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and the Cybersecurity Review Measures (《網絡安全審查辦法》). Additionally, the Group has established the Confidentiality Management Measures of Anhui Conch Material Technology Co., Ltd. (《海螺科技公司保密工作管理辦法》) and the Confidentiality Management Measures for Technical Center (《技術中心保密工作管理辦法》) to mitigate the risks of technical information leakage.

During the Reporting Period, the Group established the Confidentiality Committee, consisting of the Group's management members and heads of various departments. The Confidentiality Committee is supported by an office (hereinafter referred to as the **"Confidentiality Office"**), which oversees the day-to-day management of the Committee.

The Group adheres to the principle of "accountability lies with the manager and the user", clearly defines the confidentiality responsibilities of each department and its supervisory personnel involved in sensitive information, and rigorously investigates any breaches. In the event of a confidentiality breach, the relevant personnel shall promptly report to their department head and the Confidentiality Committee. The directly responsible individual, confidentiality officer and department head shall hold accountable for any concealment or intentional delay in reporting that leading to severe consequences. For individuals who violate regulations and cause a breach, the Confidentiality Committee shall take appropriate measures based on the severity: where the violation is minor, criticism and education shall be imposed; where the violation is more serious, such individual shall be given a circulation of notice of criticism and ordered to rectify such violation within a prescribed time limit to eliminate the potential risks of leakage. Where the violation is severe, administrative or disciplinary actions shall be imposed pursuant to relevant regulations; where the violation commits a crime, the case shall be transferred to judicial authorities for investigation of criminal liability. Individuals who cause losses to the Group due to breaches shall, in addition to bearing civil liability for compensation, be imposed penalties as stipulated in the Confidentiality Commitment for Sensitive Positions (《涉密崗位保密承諾函》). Personnel required to travel abroad for work must undergo security and confidentiality education prior to departure. While staying abroad, they must remain highly vigilant, strictly comply with confidentiality laws and regulations, and avoid discussing or handling matters involving the national secrets in surroundings that are not conducive to confidentiality.

# SOCIAL RESPONSIBILITY

The Group adheres to the principle of “determination by positions”, identifying staff in positions that involve internal corporate secrets as confidentiality-sensitive individuals, and strives to precisely define such individuals within the smallest necessary scope. Upon the induction of new employees, we shall enter into a confidentiality agreement with those assigned to sensitive positions and explicitly stipulate relevant confidentiality management requirements in their employment contracts. With the Confidentiality Review Form for Sensitive Personnel (《涉密人員保密審查表》), we conduct a comprehensive review of newly hired or transferred employees in sensitive positions. For the departure or transfer of personnel handling internal secrets, approval must be obtained from both the human resources department and the confidentiality office of the respective branch or subsidiary. During this process, we shall ensure that all internal corporate documents are returned and that their access rights to the internal network information system and sensitive areas are revoked. Furthermore, we explicitly require that these individuals must not provide any labour, consultation or other services to peer companies during their non-disclosure period.

## Intellectual Property Protection

Conch Mat Tech consistently upholds the principle of stringently protecting intellectual property rights, rigorously adheres to relevant laws and regulations such as the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), the Detailed Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), the Implementing Regulations of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), and the Implementing Regulations of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》). To this end, we have established the Intellectual Property Management Measures (《知識產權管理辦法》) to ensure that the Group’s business operations are in full compliance with legal requirements while safeguarding the Group’s intellectual property rights.

By the end of the Reporting Period, Conch Mat Tech has achieved remarkable accomplishments in the intellectual property. We have filed a total of 327 patent applications accumulatively, including 256 invention patents and 71 utility model patents. Among which, 195 patents have been granted, with an additional 84 patents currently under review. In 2024, we submitted 39 new patent applications, comprising 32 invention patents (including 3 U.S. patents) and 7 utility model patents, demonstrating our proactive stance on technological innovation and intellectual property protection.

To further enhance the employee’s awareness of intellectual property protection, we organized a training session on intellectual property rights in 2024. The training, conducted both online and offline, saw the participation of 35 individuals. Focusing on key topics such as patent drafting and protection, the training session provided robust talent support for the Group’s intellectual property safeguarding efforts.



# SOCIAL RESPONSIBILITY

## SUPPLY CHAIN MANAGEMENT

Our suppliers include suppliers of raw materials and auxiliary materials. We have established a comprehensive management system that includes the Integrity Agreement (《廉政協議》), Occupational Health and Safety Management Agreement (《安全生產職業健康管理協議書》) and the Annual Supplier Appraisal (《供應商年度評審》).

While selecting suppliers, we rigorously adhere to our Environmental, Social and Governance (ESG) principles to ensure the sustainability and compliance of our supply chain. For standardized product manufacturers, we mandate that they possess complete qualifications for production, sale and transportation, thereby guaranteeing product quality and logistics safety. Additionally, we place a special emphasis on the environmental performance of our suppliers, requiring them to submit environmental impact assessment reports to evaluate their compliance and sustainability in environmental protection. For supplier offering by-products, detailed environmental impact assessment report is required to ensure that the production, handling and transportation of by-products comply with relevant environmental regulations. Where the environmental impact assessment report does not sufficiently provide information about by-products, the supplier is required to provide professional test report issued by authoritative bodies to verify the environmental safety of the by-products. Through these measures, not only we ensure the compliance of our supply chain but also actively encourage suppliers to make greater efforts in environmental protection, jointly promoting sustainable development.

During the Reporting Period, Conch Mat Tech engaged 94 new suppliers, infusing fresh vitality into our business expansion. During the Reporting Period, the distribution of our 374 suppliers is shown below:

Numbers of Suppliers by Region	Number
North China	34
East China	196
South China	37
Central China	48
Southwest China	58
Overseas	1

# SOCIAL RESPONSIBILITY

## ANTI-CORRUPTION

Misconducts in business operation, such as corruption, bribery, extortion, money laundering, or any actions that compromise corporate interests, violate fair trade principles, or damage the corporate's reputation, can severely disrupt normal management operations. Therefore, Conch Mat Tech firmly opposes and explicitly prohibits such misconduct.

We are also in strict compliance with relevant laws and regulations, including the Anti-Corruption Law of the People's Republic of China (《中華人民共和國反腐敗法》), the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》). Additionally, we have specifically established the Code of Integrity Agreement (《廉政協議》).

In 2024, we implemented multiple integrity risk control measures, including:

- Leveraging the supervisory responsibilities of the disciplinary inspection team, the Group conducted a total of 65 inspections and audits in 2024;
- Conducting anti-corruption risk assessments across all subsidiaries, with 59 inspections focused on key positions and integrity risk points in 2024;
- Launching targeted campaigns to address specific issues;
- Organizing the signing of the "Five Integrity Commitments" across the organization, which has now achieved 100% employee coverage.

At the same time, we actively conducted anti-corruption education and training, achieving 100% employee coverage. In 2024, the major training initiatives included:

- Implementing the requirements of the "Three-Tier Integrity Education" program, we organized integrity education for new hires at different levels to ensure they start their careers by "fastening the first button" of ethical practices. During the Reporting Period, the Group conducted 55 sessions of "Three-Tier Integrity Education".
- Promoting regular integrity education for all employees, with specialized training for middle-level managers under the age of 35 to enhance the quality and effectiveness of warning education. In 2024, we conducted 46 sessions of integrity and warning education for all employees, achieving comprehensive and multi-level coverage across staff and management.

# SOCIAL RESPONSIBILITY

## Case: The Party Committee of Conch Mat Tech Organized Warning Education at Wuhu Municipal Anti-Corruption Education Museum

To further promote the study and education of party discipline, enhance the disciplinary awareness and party spirit of party members and cadres, and boost their motivation to actively engage in their work, the Party Committee of Conch Mat Tech organized a delegation of over 20 party member representatives from various departments to visit the Wuhu Municipal Anti-Corruption Education Museum on 30 July 2024. This warning education activity not only strengthened the sense of integrity and self-discipline among party members and cadres but also fostered a clean and upright working atmosphere within the Group, contributing to the achievement of the Group's sustainable development goals.



In addition to implementing integrity risk control measures and anti-corruption training, we have established a comprehensive whistleblowing mechanism. A dedicated department for disciplinary inspection and complaint handling, the Discipline Enforcement and Supervision Office, has been set up to receive reports via letters, visits, phone calls, and online channels. After registration and completion of the Disciplinary Inspection and Supervision Complaint Handling Form (《紀檢監察信訪舉報件呈閱批辦表》), verification is conducted within 10 working days, and the whistleblower is informed of the outcome in an appropriate manner. During this process, all complaint materials are classified as confidential, with strict protection of the whistleblower's identity and information.

During the Reporting Period, no major corruption or related legal cases or embezzlement incidents were identified, and no related reports were received.

# SOCIAL RESPONSIBILITY

## COMMUNITY BUILDING

Driven by the pursuit of high-quality development, the Group has consistently adhered to innovation-driven development, continuously strengthened its independent research and development capabilities, and dedicated to forging an enterprise with core competitiveness. Meanwhile, we fully understand that enterprise development and social responsibility are inextricably linked. We actively fulfill our responsibilities as an enterprise citizen, giving back to society with tangible actions. During the Reporting Period, we helped expand the market for special agricultural products from Xinjiang, achieving cumulative sales of RMB14,400. These efforts effectively bolstered local farmers' income growth and wealth accumulation. In the future, we will explore more sustainable assistance models, continually expand our support scope, enhance the effectiveness of our assistance, and make greater contributions to the comprehensive promotion of rural revitalization.

### Case: "Caring for Life, Igniting Hope" Blood Donation Activity by Kunming Conch

To further exemplify the vanguard role of Party members and promote volunteerism, Kunming Conch organized Party members and employee representatives to participate in a blood donation activity on 26 June 2024, aiming to spread love and positive energy through practical actions.

Guided by staff from the blood station, our volunteers completed registration forms, physical examination and laboratory test, and blood collection orderly. Warm blood filled with love flowed into blood collection bags, our volunteers showed their love through their actions, conveyed human warmth and ignited hope for life. A total of 12 employees participated in the activity, contributing 3,600 ml of blood.





# SOCIAL RESPONSIBILITY

## Case: “Mid-Autumn Festival Visit Bringing Warmth to the Elderly in the Elderly Care Home” — Themed Party Day Activity Organized by Tongling Conch Party Branch

In the golden September, the heady fragrance of laurel blossoms was wafted through the fresh air. When the Mid-Autumn Festival was approaching, the Tongling Party Branch organized a themed activity, aiming at inheriting traditional folk customs, promoting the Chinese traditional virtue of respecting and loving the elderly, and improving the awareness of such respect and love among its members. On 14 September, members of the Tongling Party Branch visited the Elderly Care Home in Donglian Town to carry out the themed Party Day Activity of “Mid-Autumn Festival Visit Bringing Warmth to the Elderly in the Elderly Care Home”.

Party members donated daily necessities, such as rice, cooking oil, milk, apples, and noodles, to the elderly, showed their warmth and care for the elderly, and gave them festive blessings and greetings. They also had cordial conversations with the elderly. They inquired about the seniors’ daily life, health and needs. To ensure a safe living environment, Party members inspected electrical outlets, switches and electrical circuits.



# APPENDIX: GENERAL ESG DISCLOSURE TABLE

## “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE”, APPENDIX C2 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspect	Content	Report Content
<b>Part B: Mandatory Disclosure Requirements</b>		
	Governance Structure	Statement of the Board
	Reporting Principles	About this Report
	Reporting Boundary	About this Report
<b>Part C: “Comply or Explain” Provisions</b>		
A1 Emissions	General Disclosure	Emission Management
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
	A1.1 The types of emissions and respective emissions data.	Emission Management
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) total greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). [Repealed on 1 January 2025]	Emission Management
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management
	A1.5 Description of emission target(s) set and steps taken to achieve them.	Emission Management
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission Management

# APPENDIX: GENERAL ESG DISCLOSURE TABLE

Aspect	Content	Report Content
A2 Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p> <p>A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p> <p>A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p> <p>A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Use of Energy and Resources</p> <p>Use of Energy and Resources</p> <p>Use of Energy and Resources</p> <p>Use of Energy and Resources</p> <p>Use of Energy and Resources</p> <p>Emission Management</p>
A3 Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p> <p>A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Environment and Natural Resources</p> <p>Environment and Natural Resources</p>
A4 Climate Change	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. [Repealed on 1 January 2025]</p> <p>A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. [Repealed on 1 January 2025]</p>	<p>Response to Climate Change</p> <p>Response to Climate Change</p>
B1 Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> <p>B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age group and geographical region.</p>	<p>Employee Employment</p> <p>Employee Employment</p> <p>Employee Employment</p>

# APPENDIX: GENERAL ESG DISCLOSURE TABLE

Aspect	Content	Report Content
B2 Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p> <p>B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Health and Safety</p> <p>Health and Safety</p> <p>Health and Safety</p> <p>Health and Safety</p>
B3 Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p> <p>B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p> <p>B3.2 The average training hours completed per employee by gender and employee category.</p>	<p>Development and Training</p> <p>Development and Training</p> <p>Development and Training</p>
B4 Labour Standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p> <p>B4.1 Description of measures to review employment practices to avoid child and forced labour.</p> <p>B4.2 Description of steps taken to eliminate such practices when discovered.</p>	<p>Employee Employment, Development and Training</p> <p>Employee Employment, Development and Training</p> <p>Employee Employment, Development and Training</p>



# APPENDIX: GENERAL ESG DISCLOSURE TABLE

Aspect	Content	Report Content
B5 Supply Chain Management	General Disclosure	Supply Chain Management
	Policies on managing environmental and social risks of the supply chain.	
	B5.1 Number of suppliers by geographical region.	Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility	General Disclosure	Product Responsibility
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2 Number of products and services related complaints received and how they are dealt with.	Product Responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
	B6.4 Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility

# APPENDIX: GENERAL ESG DISCLOSURE TABLE

Aspect	Content	Report Content
B7 Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p> <p>B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.</p> <p>B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>B7.3 Description of anti-corruption training provided to directors and staff.</p>	<p>Anti-corruption</p> <p>Anti-corruption</p> <p>Anti-corruption</p> <p>Anti-corruption</p>
B8 Community Investment	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p> <p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> <p>B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	<p>Community Building</p> <p>Community Building</p> <p>Community Building</p>
<b>Part D: Climate-related Disclosures</b>		
D-I Governance	the governance body(s) responsible for oversight of climate-related risks and opportunities	Response to Climate Change
D-II Strategy	Climate-related risks and opportunities	Response to Climate Change
D-III Risk Management	the processes and related policies used to identify, assess, prioritise and monitor climate-related risks	Response to Climate Change
D-IV Metrics and Targets	Greenhouse gas emissions	Response to Climate Change

# CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT GOALS OF UNITED NATIONS

Conch Mat Tech is committed to fulfilling its social responsibility with focuses on Sustainable Development Goals (SDGs) of the United Nations.

Contributions to SDGs	Corresponding sections related to SDGs	Contributions to SDGs	Corresponding sections related to SDGs
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	Health and Safety	 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	Employee employment
 <p><b>4</b> QUALITY EDUCATION</p>	Development and Training	 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Product Quality Management
 <p><b>5</b> GENDER EQUALITY</p>	Employee employment	 <p><b>13</b> CLIMATE ACTION</p>	Response to Climate Change
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	Use of Energy and Resources	 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Anti-corruption
		 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	Supply Chain Management