



朗坤集团  
LIONS KING GROUP

301305.SZ



# 2023 Sustainability Report

L I O N S   K I N G   G R O U P

## About This Report

This report is an authentic reflection of Shenzhen Lions King Environmental Group Company Limited ("Lions King Group", "the Group", or "we") actively practicing the concept of sustainable development and promoting high-quality development. The forward-looking descriptions in the report, such as business plans and development strategies, do not constitute substantive commitments by the Group to investors.

## Reporting Period

This is the Group's first sustainability report, reflecting our performance in sustainability governance and ESG (Environmental, Social, Governance). This report is an annual report covering the financial year from January 1, 2023, to December 31, 2023. To enhance the comparability and forward-looking nature of this report, some content may appropriately reference past years or include forward-looking descriptions. The report is published annually, in line with the financial year.

## Reporting Scope

The organizational scope of this report includes Shenzhen Lions King Environmental Group Company Limited (stock code: 301305.SZ) and its subsidiaries.

## Reporting Framework

This report is prepared with reference to the Guidelines of Shenzhen Stock Exchange ("SZSE") for Self-discipline Supervision of Listed Companies No.2 - Standardized Operation of GEM Board Listed Companies (2023 Revision Version), No. 17 - Sustainability Reporting (Pilot Version), and the "GRI Standards 2021" issued by the Global Reporting Initiative. It also references and responds to the United Nation's Sustainable Development Goals (SDGs) and combines the Group's current situation in sustainable development and ESG.

## Data Sources and Reliability Assurance

All information, data, and cases cited in this report come from the Group's official documents, as well as environment, social, and governance information compiled, summarized, and reviewed by the Group. Unless otherwise specified, the currency units involved in the report are in CNY. Lions King Group guarantees that the contents of this report do not contain any false records, misleading statements, or significant omissions.

## Feedback and Opinions

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## Message from the Chairman



With a strong commitment to fostering New Quality Productive Forces and high-quality development, Lions King Group has made significant strides in the intelligent synthetic biology industry, progressing steadily and confidently.

Highlighted in the Central Economic Work Conference and the 2024 Government Work Report, the intelligent synthetic biology industry is pivotal for promoting sustainable social and economic development and ensuring the nation's well-being.

Given the promising outlook of this industry, Lions King Group, with over 20 years of experience in biotechnology resource utilization, continues to refine its business model and enhance its product offerings. We are strengthening and expanding our two main businesses, including "Biomass resource regeneration" and "Intelligent synthetic biology". On our journey to becoming a "world-class intelligent biotechnology enterprise", we remain determined and relentless.

### **In 2023, we focused on technological innovation to drive sustainable value growth.**

Our independently developed strain construction technology, microbial fermentation technology, and bio-enzyme technology were applied more effectively in our resource regeneration centers, resulting in a 30% increase in biomass waste treatment efficiency, a 25% rise in methane production, and a biodiesel yield improvement to 94%. We expanded the Shenzhen Project from 230 tons/day to 600 tons/day and expect the Guangzhou Project to grow from 2,040 tons/day to 3,100 tons/day, achieving the highest market share in first-tier cities nationwide...

These solid achievements help us expand our biomass resource regeneration business, turning biomass waste into valuable resources and promoting bioenergy globally, steadily advancing high-quality development.

This year, we established a high-standard synthetic biology experimental platform and co-established the

National Intelligent Synthetic Biology Industry Innovation Center ("National Innovation Center") with the Shenzhen Institute of Advanced Technology. Our deep research into gene technology, microbial technology, and droplet microfluidics technology is leading the way in intelligent synthetic biology. We launched an independent subsidiary and brand, Zhongke Langjian, and successfully started the human milk oligosaccharides ("HMOs") production line in Zhuhai.

Our HMOs production strains received safety certifications from the Ministry of Agriculture and Rural Affairs ("MOARA"). Lions King Group is in the pioneer position in China producing the series of tetracycline and new tetracycline HMOs products. We were the first in China to achieve pilot scale-up of these products, with high-quality products meeting strict industry standards.

Each innovation strengthens our intelligent synthetic biology business. Using synthetic biology technology, we create advanced health products, drive industry development, and explore high-value areas, boosting the momentum of New Quality Productive Forces.

**In 2023, Lions King Group stuck to long-termism with our foundation on corporate governance. We are advancing steadily in creating value to society, our shareholders, customers, and employees.**

We actively participated in charitable and public welfare activities, contributing to the social and economic development of impoverished areas, disaster reconstruction, and educational advancement. Lions King Group was among the first listed biotechnology companies to contribute to public welfare in the Tibetan region, supporting local cultural education and tourism, and exploring effective mechanisms for poverty alleviation and industry development.

We also focused on internal corporate governance, fulfilling our social responsibilities as a listed company. We provided a fair, harmonious, and healthy working environment, helping employees achieve self-worth. In the reporting period, we were recognized by Forbes as "China's Top 50 ESG Innovative Enterprise". On our ESG journey, we are committed and strive for excellence.

### **With determination, no goal is out of reach.**

The next ten years are crucial for achieving sustainable development of our planet. Lions King Group will continue to optimize and explore diverse ESG practices, focusing on biotechnology, and making more positive contributions in environmental protection, social responsibility, and corporate governance.

We firmly believe that we will find partners with shared goals in our journey to benefit humankind and the planet with biotechnology and our solutions. Together, we will make the most of our time, travel far, and create lasting value.

In 2024, we are eager to join hands with you to build dreams and create a better life together!

Dr. Jianxiang Chen  
Chairman, Shenzhen Lions King Environmental Group Company Limited

01

# About Lions King Group



Group Overview

Core Business

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# About Lions King Group

## Group Overview

Lions King Group, established in 2001, aims to become a world-class intelligent biotechnology company. Lions King Group was listed on the SZSE GEM Board on May 23, 2023, with stock code 301305.

Currently, the Group is a leading enterprise in biotechnology resource utilization in China and a national high-tech enterprise. The Group ranks among the "Top 70 Innovative Enterprises in Shenzhen" alongside Huawei and DJI, and has been recognized by E20 with "Annual Benchmark for Organic Waste Treatment Investment and Operation" Award for 7 years. In November 2023, we were honored by Forbes as "China's Top 50 ESG Innovative Enterprise".

As of the end of the reporting period, the Group has 34 biomass resource regeneration centers nationwide. We use advanced microbial technology and biocatalysis technology to realize the resource recovery of biomass wastes into green energy products such as biodiesel, clean energy, and methane.

At the meantime, Lions King Group has vigorously invested in the intelligent synthetic biology field. Relying on our independently-developed synthetic biological technology, and combining with AI, we safeguard human life and health with advanced health products like HMOs.

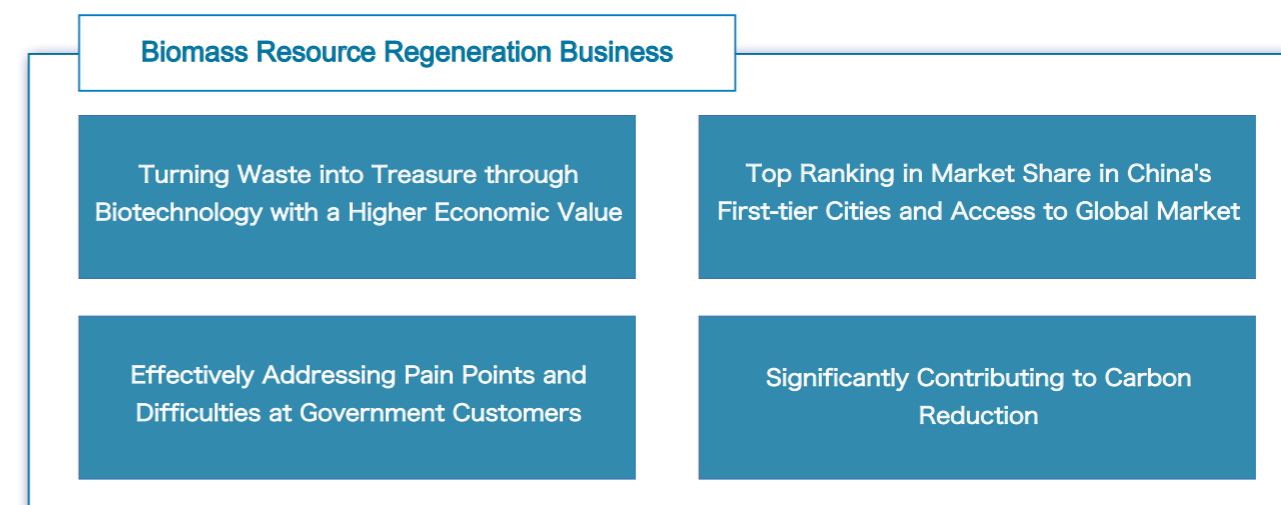
## Core Business



In the reporting period, Lions King Group has focused on cultivating New Quality Productive Forces and achieving high-quality development with technological innovation as core driver. Based on a single technology platform, that is the Integrated Innovation Center for Intelligent Synthetic Biology, the Group has developed two main businesses including "Biomass resource regeneration" and "Intelligent synthetic biology"

## Biomass Resource Regeneration Business

Lions King Group's biomass resource regeneration business operates and managing high-standard biomass resource regeneration centers. Enabled with biotechnology, we uniformly plan and construct facilities for processing various types of biomass waste, such as food waste, kitchen waste, and waste oil, and achieve synergistical processing and deep resource recovery of various biomass wastes. This business model effectively realizes the transition from "biological waste treatment" to "intelligent synthetic biology" with following 4 significant breakthroughs during the reporting period.



### Turning Waste into Treasure through Biotechnology with a Higher Economic Value

Our biomass resource regeneration centers use microbial fermentation technology to cultivate high-quality methanogenic bacteria, treat biomass liquid waste, and produce methane stably. This technology achieved a 30% increase in biomass waste treatment efficiency, and a 25% rise in methane production.

Microbial purification technology is adopted to cultivate thiobacter to purify methane. The removal rate of hydrogen sulfide reached 98%. This technology has strong adaptability and lower operating cost.



Methane is also used to produce clean electricity. Besides daily production and operation use of our biomass resource regeneration centers, the surplus power can be incorporated into the grid to create economic value.

Lions King Group adopts biocatalysis technology to produce biodiesel from waste oil recycling, and we are the first in China to use this advanced technology for large-scale biodiesel production. This approach can be operated in normal temperature and pressure, and is environmentally friendly, and higher in yield.

Currently, the combined production capacity of the Group's Guangzhou, Shenzhen, and Beijing Tongzhou bioenergy projects is 420,000 tons per year. The Beijing production base under construction is planned to have a capacity of 200,000 tons/year, placing it at the forefront domestically. Guangzhou Project was shortlisted in the first batch of pilot biodiesel projects publicized by the National Energy Administration in April 2024.

With the same business model, Lions King Group's landmark biomass resource regeneration center projects nationwide has effectively supported local socio-economic development and the biomass resource regeneration industry. Take Guangzhou Project as example, it has realized over 3 times of operating income and over 8 times of tax amount compared with similar projects, whereas the cost is less than 20% of the project revenue.

The Group has built a traceable, ultra-carbon-reducing business model covering the entire industry chain, establishing itself as a leader in the biomass resource regeneration field.

**Top Ranking in Market Share in China's First-tier Cities and Access to Global Market**



By the end of the reporting period, Lions King Group's biomass resource regeneration business focuses on key economic zones such as the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei, and the Yangtze River Delta. The Group has invested in, constructed, and operated 34 biomass resource regeneration centers nationwide. Our processing scale in first-tier cities ranks first, and our total processing scale is also among the top in China, in which 5 projects' daily processing capacity already exceed 1,000 tons.

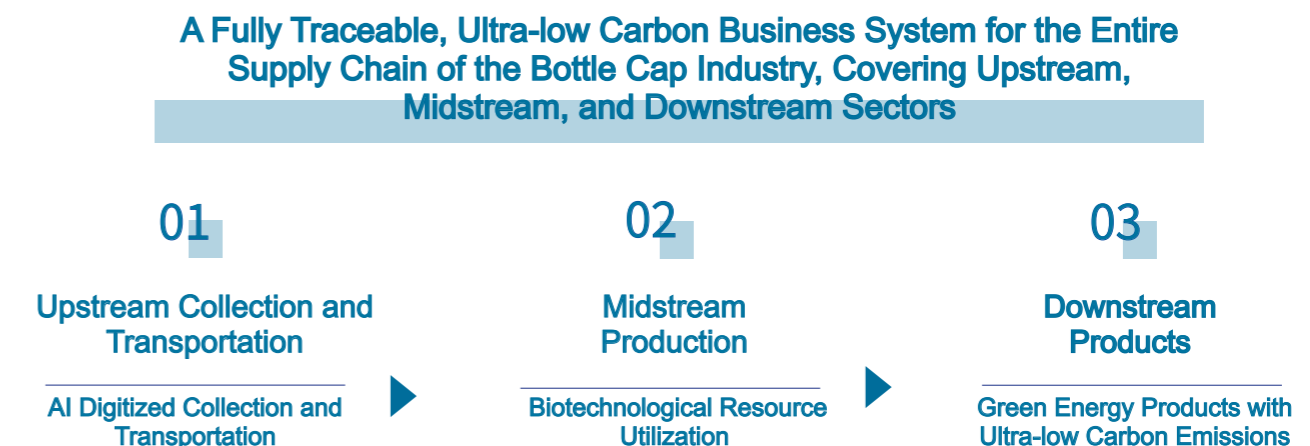
At the same time, Lions King Group's biodiesel sales are transitioning from traditional traders to international energy clients. The Group is expanding large-scale partnerships both domestically and internationally, with rapid business growth in the EU, United States, and Japan. During the reporting period, the Group's bioenergy business system and product capabilities continued to upgrade, adding 105 new procurement and sales partners throughout the year, with stable growth in biodiesel sales. The Group signed a "Strategic Cooperation Framework Agreement" with Sinopec CNOOC Marine Fuel Supply Co., Ltd. to jointly prepare the application for the promotion and application project of B24 biodiesel (fuel oil) for international maritime vessels in the Nansha New Area of China (Guangzhou) Pilot Free Trade Zone.

**Effectively Addressing Pain Points and Difficulties at Government Customers**

Lions King Group has pioneered the "centralized, large-scale, high-standard" biomass resource regeneration center model that offers one-station solutions to customers. This creative model simplifies the planning and management procedures, saves financial investments as well as land spaces. It also drives industrial development and create green benefits, and can avoid food safety issues to a great extent.

**Significantly Contributing to Carbon Reduction**

By the end of the reporting period, Lions King Group achieved over 1.226 million tons of carbon reduction through deep recycling of organic waste like kitchen and food waste using biotechnology. The biodiesel and other recyclable products the Group produced have achieved over 777,000 tons of carbon reduction, totaling approximately 2.003 million tons.



Landmark Projects



Beijing Tongzhou Project

World's leading, high-standard ultra carbon reduction bioenergy plant

Processing capacity: 2,100 tons per day



Guangzhou Project

China's largest biotechnology resource benchmarking project

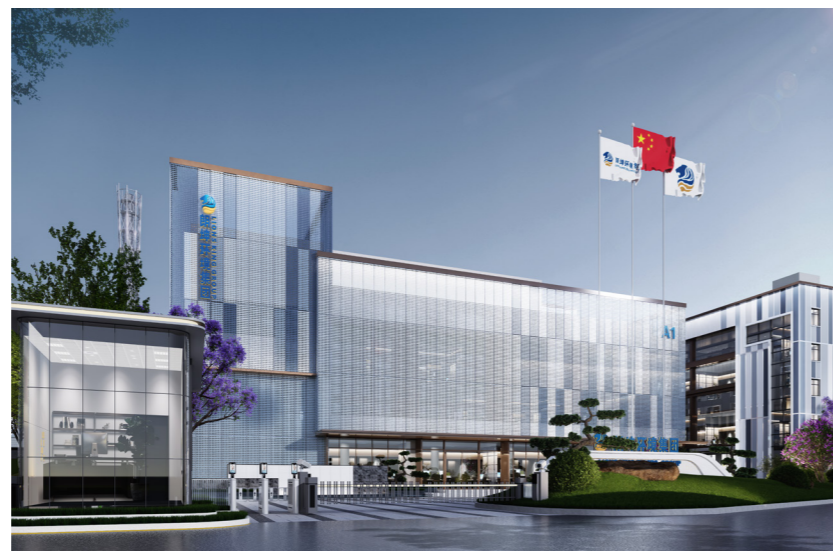
Processing capacity: 2,040 tons per day



Zhongshan Project

Third generation synthetic biology technology

Processing capacity: 1,004 tons per day



Shenzhen Project

One of the first biomass waste treatment pilot projects

Our first modern science and education base of biomass resource regeneration



Maoming Project

Oil-electric hybrid process model

100% resource regeneration of the biomass waste and household waste



## Intelligent Synthetic Biology Business

Synthetic biology, being a highly disruptive and cutting-edge, is a key leverage point for high-quality economic development in China and is becoming a major focus. China's 14th Five-Year Plan for Biological Economy Development aims for a total bio-economy output of 22 trillion CNY by 2025.

In the reporting period, Lions King Group established an independent subsidiary and brand, Zhongke Langjian, focusing on HMOs research, production, and sales. This business had two main achievements in 2023 as following.

### One High-standard Integrated Innovation Platform



Since 2023, driven by technological innovation, Lions King Group has built an industry-leading integrated innovation center for synthetic biology. This includes a high-throughput screening platform based on microfluidics, a bioinformatics + AI technology platform, a molecular biology (genetic engineering) platform, and a fermentation and testing platform. These facilities drive the development of synthetic biology and the creation of various HMOs production strains and fermentation processes.

During the reporting period, Lions King Group co-founded the National Innovation Center with the Shenzhen Institutes of Advanced Technology, to promote the development and application of synthetic biological technology.

### Industry-leading Position in HMOs Research Outcome

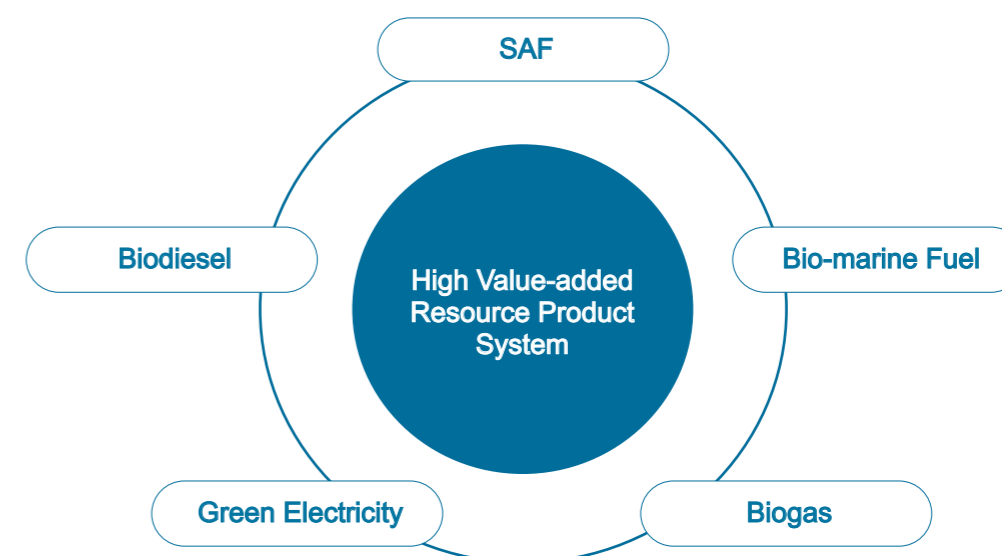
Currently, Lions King Group is the first in China to achieve pilot scale-up of LNT (lacto-N-tetraose) and LNnT (lacto-N-neotetraose) in HMOs, with industry-leading product purity. As result, our Zhuhai HMOs project has become the first industrialized LNT and LNnT production project in China.

In January 2024, multiple HMOs production strains independently developed by Lions King Group obtained safety certification from MOARA. Regulatory approvals from the National Health Commission are expected within a year.

## Future Plans

### Biomass Resource Regeneration Business

► High value-added products with significant economic benefits



#### Initiate SAF Projects

Domestically, we will focus on key cities like Beijing, Guangzhou, and Shenzhen. Internationally, we will target regions with abundant waste oil resources, such as Malaysia, Indonesia, and Brazil, especially in Southeast Asia and South America. We aim to accelerate the establishment of SAF production demonstration projects in these regions.

#### Expand Bio-marine Fuel Applications

Lions King Group will actively respond to the National Energy Administration's notice on promoting biodiesel application pilot demonstrations. We aim to promote the use of biodiesel in marine fuel oil, expanding the green value of biodiesel and other renewable liquid fuels, and helping reduce emissions in China's shipping industry.

#### Enhance Industry Collaboration

We will deepen cooperation with leading enterprises like PetroChina and Sinopec. This collaboration will cover oil raw material supply, SAF production, and marine fuel oil, achieving resource sharing and complementary advantages. Additionally, our Singapore subsidiary will strengthen ties with international customers and participate in international trade competition.

### Intelligent Synthetic Biology Business

Lions King Group's wholly-owned subsidiary, Zhuhai Langjian Biotechnology Co., Ltd. ("Zhuhai Langjian"), is accelerating the construction of its HMOs project production base. The first phase, with an annual capacity of 260 tons, is expected to be completed in the second half of 2024. The second phase, with an annual output of 740 tons, is expected to operate in 2026, bringing the annual capacity to 1,000 tons.

The Group will continue to increase investment in research and development ("R&D"). We will collaborate with the Shenzhen Institutes of Advanced Technology, Chinese Academy of Sciences, and invest in the construction of the National Innovation Center. By partnering with leading biotechnology companies, research institutions, and other stakeholders, Lions King Group aims to create an open, shared, forward-looking, and interdisciplinary innovation platform. This will accelerate the advancement of basic research, platform construction, and translational applications in synthetic biology. We will steadily promote the basic research, implementation, and production of various projects in the field of synthetic biology.



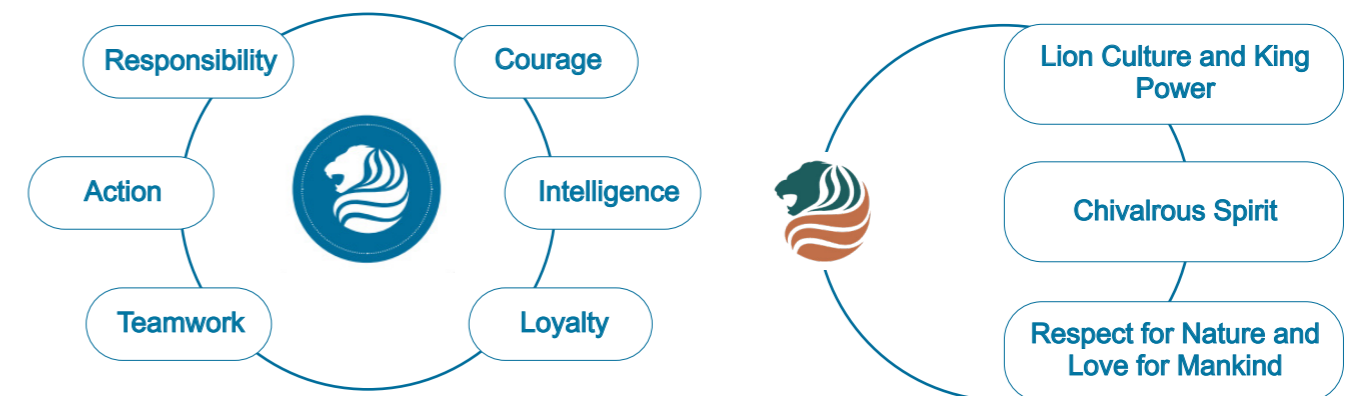
### Our Culture

The Group's English name Lions King has the meaning of a lion king. It conveys the belief and execution in becoming a leader in the industry, as well as the courage, boldness, and strength in pursuit of excellence and value creation.

#### ► Our Philosophy

| Mission   | Vision  | Value   |
|---|---|---|
| Focus on Top Customers' Needs and Challenges. Provide Competitive Solutions, Create Maximum Value for Customers. Contribute to A Better Life in Human Society | Become a World-class Intelligent Biotechnology Enterprise Thrive for Over 100 Years | Customer-centricity<br>Striver Oriented<br>Criticism and Self-criticism<br>Innovation and Excellence<br>Honesty, Integrity, Cooperation, and Mutual Benefits<br>Happy Work and Happy Life |

#### ► Our Spirits



# Annual Highlights



### February

Established Lions King International Technology Group Co., Ltd. in Hong Kong

### May

Listed on the SZSE GEM Board

### August

Established Shenzhen Zhongke Langjian Biotechnology Co., Ltd.



### November

Chairman Chen Jianxiang was invited to attend the 26th Beijing-Hong Kong Economic Cooperation Symposium

Guangzhou biodiesel project started direct export business with FOB trade model

Commenced construction of the Beijing Tongzhou Biomass Resource Regeneration Center ("Beijing Tongzhou Project")

Partnered with Shenzhen Institutes of Advanced Technology, Chinese Academy of Sciences

Become a partner in the Xingbo Shenghui Private Equity Fund

### October

Successfully won the bid for Beijing Tongzhou Project

Invested 40 million CNY to establish Zhuhai Langjian Biotechnology Co., Ltd., focusing on HMOs business

### December

Successfully promoted Guangdong Province's biodiesel pilot program to be submitted to the National Energy Administration

Signed a "Strategic Cooperation Framework Agreement" with Sinopec CNOOC Marine Fuel Supply Co., Ltd.

Established new subsidiaries Lions King Asia Development Holdings Pte Ltd in Singapore and Huarong International Investment (Hong Kong) Co., Ltd. in Hong Kong



## Annual Honors

### R&D and Innovation Honors

- National High-tech Enterprise
- Shenzhen Specialized and Special New SMEs
- Key Enterprise of Shenlong Talent
- Shenzhen Innovative SMEs
- Top 70 Innovative Enterprises in Shenzhen

### ESG Honors

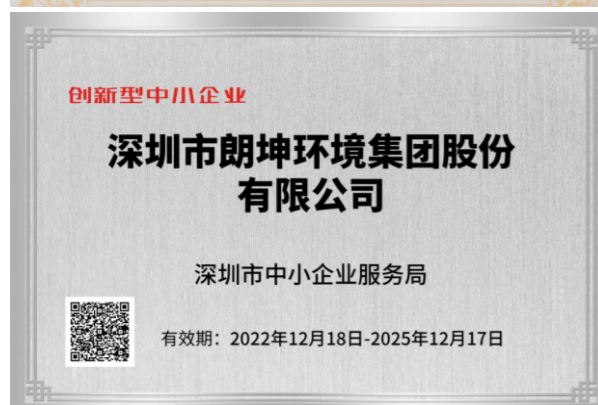
- 2023 Forbes China ESG Innovative Enterprise
- 2023 ESG Model Enterprise Award in Shenzhen

### Environmental Benchmark Honors

- Environmental Integrity Enterprise Rating "Blue Label"
- Guangzhou Project - Guangzhou Green Factory

### Technical Project Honors

- Leading Enterprise in Organic Waste Field 2023
- Guangdong Province Key Environmental Protection Enterprise during the 13th Five-Year Plan
- E20 "Annual Benchmark for Organic Waste Treatment Investment and Operation" Award
- Urban Environment Industry Innovation Award
- Guangzhou Project - Pioneer Practice Project of 2023 Qingxin Awards
- Zhongshan Project - Excellent Case of Organic Waste Treatment
- Guangzhou Project - Excellent Case of Organic Waste Treatment
- Maoming Project - Excellent Case of Municipal Solid Waste Treatment





# Our Focus: New Quality Productive Forces

**6,072** Million CNY R&D Investment

**105** R&D personnel totaled

**30.5%** R&D personnel holding Master degree or above

**168** patents

**Strong Research Focus on High-tech Industries**

**Future Orientation in Intelligent Synthetic Biology**

**Embrace Digitalization with Smart Information Systems**



## Our Focus: New Quality Productive Forces

Lions King Group is involved in the synthetic biology industry, advanced environmental protection industry, resource regeneration industry, other resource regeneration activities, and biodiesel production. The national focus on high-end manufacturing industries, represented by bioenergy and synthetic biology, along with the goals of high-quality development and carbon neutrality, indicates a broad future for us.

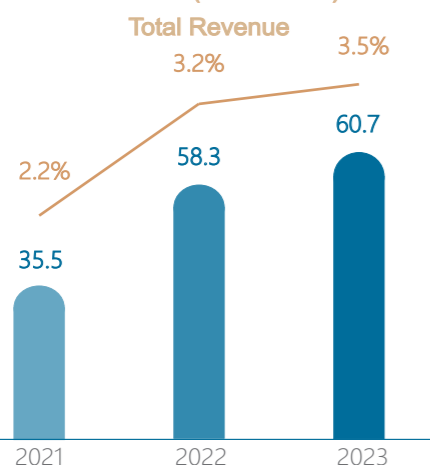
### Strong Research Focus on High-tech Industries

As a national high-tech enterprise, Lions King Group has established a comprehensive technological innovation system and industry-leading innovation capabilities. We have built an enterprise innovation platform that includes process design research, mechanical design research, pipeline design research, thermal resource design research, and microbiological laboratories.

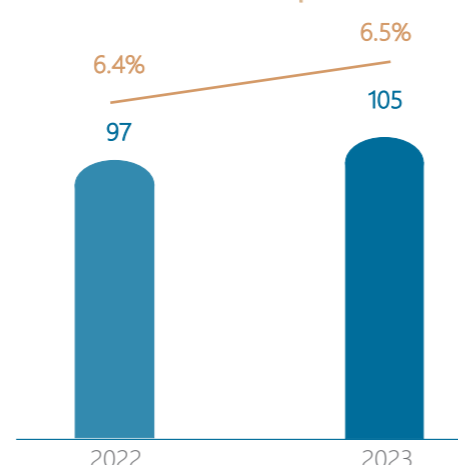
We continuously increase our investment in biotechnology research and development. We recruit top talents in biotechnology from world-renowned universities and collaborate with institutions like Harvard University and the Chinese Academy of Sciences. We have built a high-standard, industry-leading biotechnology research center to ensure our biotechnologies remain at the forefront. During the reporting period, the Group's R&D investment exceeded 60 million CNY, accounting for 3.5% of revenue. The R&D personnel totaled 105, accounting for 6.5% of the workforce, with 32 holding master's degrees or higher. Over the past three years, both the amount of R&D investment and its proportion of revenue have increased to varying degrees.

The Group has established a professional design and R&D team, possessing independent intellectual property rights for core technologies such as LCJ anaerobic microbiological technology, LBD biocatalytic diesel production technology, and HMOs biosynthesis technology, with several technologies leading domestically. During the reporting period, the Group owned 168 patents, with 14 patent applications in process, many of which are leading domestically.

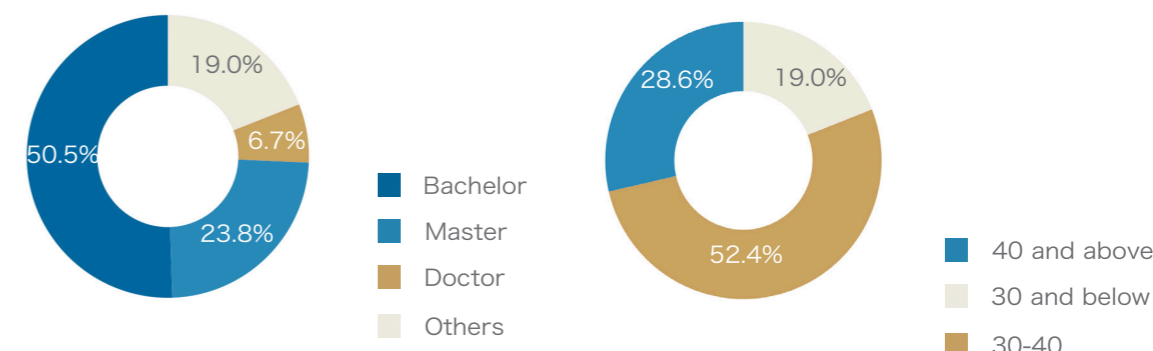
Annual R&D investment (Million CNY) and Weight in



Number of R&D Staff and Proportion in Total Staff



Distribution of R&D Personnel by Educational Background and Age Group in 2023



### Future Orientation in Intelligent Synthetic Biology

Centered on synthetic biology, the Group has built a high-standard integrated innovation platform at the headquarters.

#### Microfluidic High-throughput Screening Platform

We have a gene construction platform based on high-throughput flow imaging driven by data, featuring high throughput, automation, and high sensitivity. By using CRISPR high-throughput genotype construction and droplet microfluidic, ultra-high-throughput characterization and testing technology, it enables comprehensive exploration of the relationship among the phenotypic genes, metabolism, and their correlation across the whole genome.

#### Platform Advantages

Compatible with flow detection and analysis microfluidic chips and static co-culture micro-well chips. Capable of high-throughput flow imaging and static scanning, brightfield + multi-channel fluorescence, coaxial near-coherent light instantaneous focusing, etc. Supportive of single-cell PCR experiments.

#### Bioinformatics + AI Technology Platform

The combination of bioinformatics and AI technology plays a synergistic role in enzyme research and proteomics research, providing powerful tools and methods for understanding enzyme functions and properties and protein spatial structure simulation. The breakthrough in generative AI technology fully unleashes the value of biological big data, creating a complete data closed loop constructed by "generation-feedback-optimization", breaking through the human computing limit and bringing bio-computing into the AI era.

#### Platform Advantages

Upstream optimization enhanced by AI algorithm enhances upstream optimization, with comprehensive advantages such as reducing by-products, impurities, downstream separation and purification pressure, and saving raw material costs.

### Molecular Biology (Genetic Engineering) Experimental Platform

Using gene editing technology, we introduce desired functional DNA fragments into model engineering bacteria such as Escherichia coli and Pichia pastoris, altering the genetic information of strains at the gene level to regulate their production capacity and target product diversity.

#### Platform Advantages

The main research objects include true oxygen alkali-producing bacteria, E. coli, hydrolytic acid bacteria, yeast, lactic acid bacteria, spore bacteria, and photosynthetic bacteria. Notably, E. coli producing HMOs provides more breast milk-like nutrients for infant formula, supporting early-life health.

### Fermentation and Testing Platform

It consists of fermentation and testing laboratories, equipped with fermenters of various volumes (5L-50L-100L-1,000L), enabling fermentation process scaling from 0-1-10, laying the foundation for industrial production. The testing laboratory is equipped with various precision instruments, developing multiple testing methods to complete the detection and separation of target product concentration, impurities, and isomers, achieving optimized strain metabolic pathways, high-density fermentation, high-purity separation and purification, and product quality control.

#### Platform Advantages

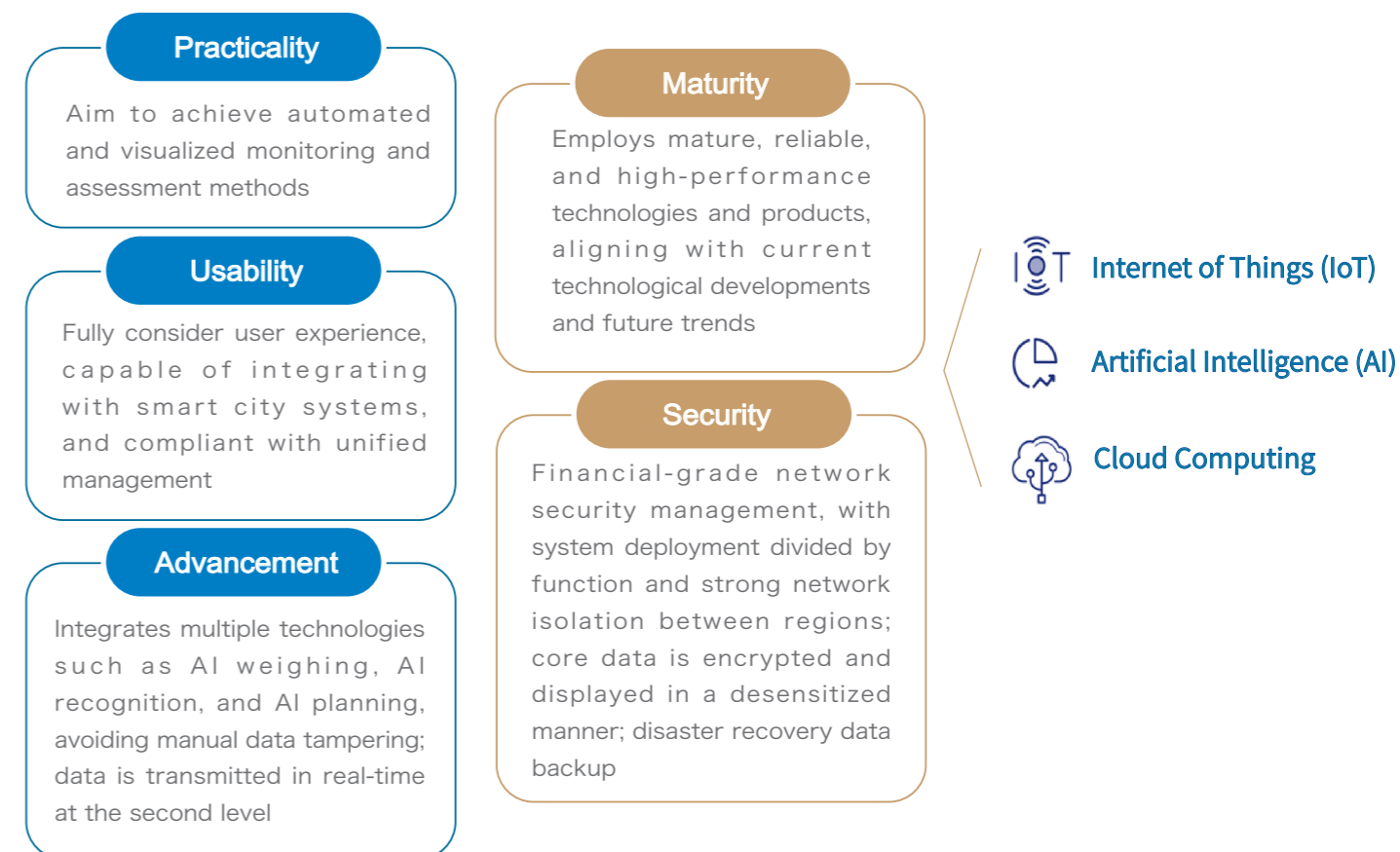
Capable of high-density fermentation and high-purity purification. 100L-1,000L fermenters can meet sample mass production needs for other high-value biological products, providing conditions for industrializing other biological product incubation.

## Embrace Digitalization with Smart Information Systems

Leveraging artificial intelligence and big data cloud platforms, Lions King Group independently developed an intelligent collection and transportation system, as well as an intelligent management platform for the entire chain of organic solid waste production, collection, and treatment, realizing data interconnection among waste-producing ends, collection and transportation ends, and production and management ends, forming comprehensive intelligent control over the entire process of kitchen waste generation, collection, and production.

The intelligent collection and transportation system comprehensively utilizes core technologies such as the Internet of Things, artificial intelligence, and cloud computing to strengthen standardized management, improve collection and transportation efficiency, and provide effective data support for the Group's operation management and the supervision of collection and transportation by regulatory authorities.

The intelligent collection and transportation platform ensures system regulatory effectiveness across four major application platforms, maximizing conflict resolution and eliminating non-standard operations, promoting seamless management.



### Four Major Application Platforms

|   |   |
|---|---|
| <b>Regulatory Platform</b><br>Provides regulators with a set of 24/7, seamless regulatory tools                                   | <b>Central Management Platform</b><br>AI and cloud computing empower streamlined and intelligent collection and transportation work |
| <b>Collection and Transportation Platform</b><br>Provides drivers with intelligent collection and transportation assistance tools | <b>Merchant Platform</b><br>Offers merchants convenient query service tools   |

### System Implementation Results

Through the exploration and practice of digital intelligence, Lions King Group further enhances the precision and intelligent management of collection and transportation, provides better customized services to customers, and injects more "technological content".

|  |  |  |
|--|--|--|
| Online signing efficiency<br>Increased by <b>2-3 times</b> | Vehicle energy consumption<br>Decreased <b>15%</b> | Receiving and transporting personnel<br>Decreased <b>20%</b> |
| Monitor the complaint rate<br>descended <b>90%</b>         | Recovery efficiency<br><b>100%</b>                 |  |



## 2023 "China's Top 50 ESG Innovative Enterprise" Award by Forbes

0 major internal control deficiencies in financial reporting and non-financial reporting

0 major safety accidents and environmental pollution incidents

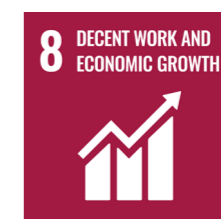
### Sustainability Governance System

### Compliance Management and ESG Risk Management

### Strategic Sustainability Goals

### Communication with Our Stakeholders

### Materiality Assessment





# Strengthening Sustainability Governance and Promoting High-quality Development

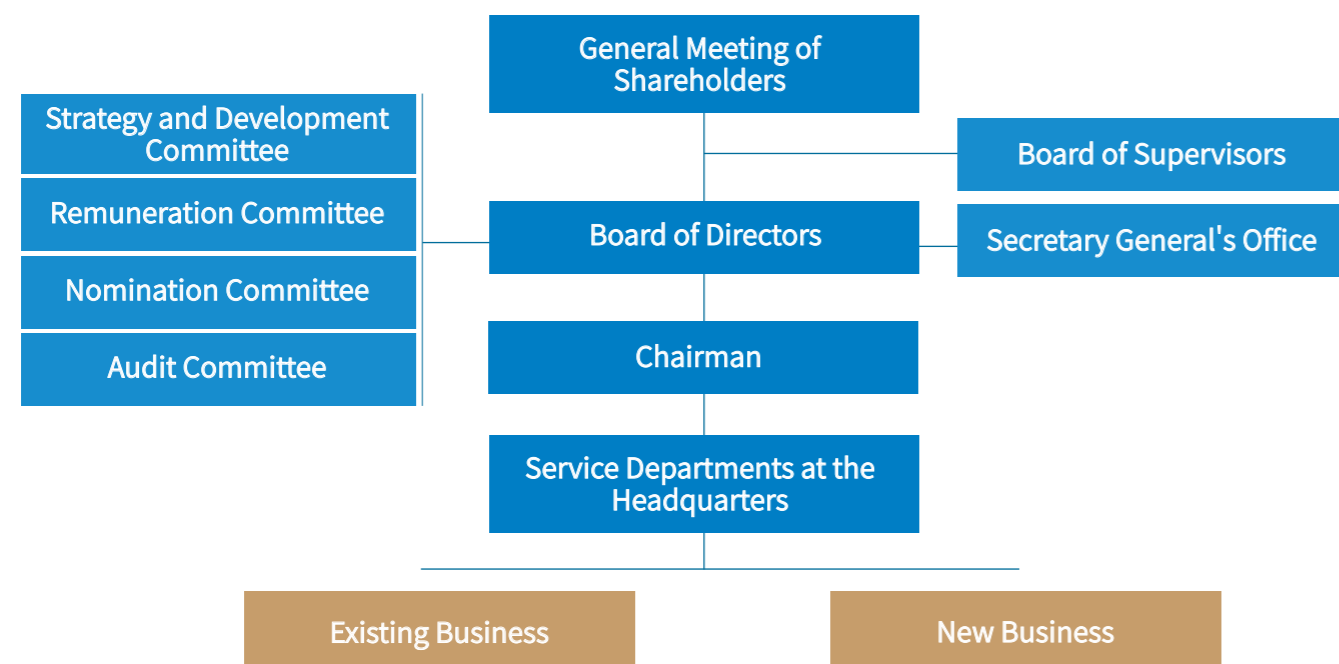
Lions King Group continuously improves its corporate governance structure, establishes a sound internal control system, strengthens management norms, strictly adheres to business ethics, enhances risk management. It effectively promotes standardized operations, continuously improve the Group's governance level, and ensure sustainable, stable, healthy, and high-quality development.

## Sustainability Governance System

The Group strictly follows laws and regulations, as well as the "Articles of Association", to establish a comprehensive corporate governance structure, including the shareholders' meeting, Board of Directors, and board of supervisors. It has formulated various procedural rules, clarifying the responsibilities and operating procedures of the shareholders' meeting, Board of Directors, board of supervisors, and general manager, thereby standardizing the corporate governance structure. In accordance with revisions to the "Company Law" and the "Shenzhen Stock Exchange GEM Listing Rules", the Group timely revises its systems to continually improve its internal control management mechanism, promoting steady and continuous development.

The Group has established functional departments compatible with its management framework and operational requirements, clearly defining the main responsibilities of each department. The Group strengthens the management, control, and coordination of each business unit and subsidiaries across various sectors such as human resources, finance, legal affairs, market, and procurement. This fully mobilizes the enthusiasm of Group members, enhances their operational autonomy, and strengthens the strategic management and professional control capabilities of the headquarters, ensuring orderly and healthy business operations.

### ► Corporate Governance Structure



The Board of Directors is responsible for the daily operation and management of the Group, while the shareholders' meeting and the Board of Supervisors supervise the Board's daily operations and major decisions. Since the establishment of relevant corporate governance frameworks, the Group's three governance bodies have operated legally and effectively. They fulfill their duties and provide institutional foundation for the Group's efficient, standardized operations and sound development.

### General Meeting of Shareholders

The Group strictly follows laws and regulations to standardize the convening, holding, and voting procedures of the shareholders' meeting, ensuring equitable treatment of all shareholders. This approach guarantees that shareholders can fully exercise their rights and genuinely protect the interests of minority shareholders. The Group hires lawyers to attend the shareholders' meeting and provide legal opinions on the convening and voting procedures, fully respecting and protecting the legal rights of all shareholders. During the reporting period, the Group held 6 general meetings of shareholders.

### Board of Directors

During the reporting period, the Board of Directors comprised seven directors, including three independent ones. The size, composition, and qualifications of the Board comply with the laws, regulations, and the "Articles of Association". All appointments and removals strictly follow the nomination committee, Board of Directors, and shareholders' meeting approval procedures, without any conflict with relevant laws, regulations, or the "Articles of Association".

The procedures for convening and holding board meetings comply with the requirements of the "Company Law", "Articles of Association", and "Rules of Procedure for the Board of Directors". The records of board meeting are true, accurate, complete, safely stored, and meeting resolutions are disclosed promptly.

During the reporting period, the Group held 9 board meetings. The Board has 4 specialized committees including Strategy and Development Committee, Remuneration Committee, Nomination Committee, and Audit Committee. During the reporting period, these committees held a total of 10 meetings. The specialized committees fully utilized the professional advantages of each director, playing a significant role in formulation and implementation of internal audit and control systems, strategic planning, performance evaluation, independent operation, and more.

### Independence

During the reporting period, the Group had three independent directors, accounting for 42.9% of the board members. Since their appointment, the independent directors have exercised their rights and fulfilled their obligations in strict accordance with the "Articles of Association", "Rules of Procedure for the Board of Directors", and "Rules of Procedure for Independent Directors". They have provided independent opinions on relevant matters, actively contributing to the improvement and standardization of the Group's governance structure.

### Board Diversity

The Group actively practices a board diversity policy, embraces international ESG governance concepts, and elevates the diversity of both the board and the board of supervisors. It comprehensively considers the contributions and perspectives brought by the board's qualifications, skills, experience, independence, and gender diversity.

The board includes two female directors, accounting for 28.6%, with one female director and one female independent director. The current board members have extensive experience in various fields such as environmental engineering, chemistry, finance, accounting, and management. The professional structure of the board is balanced. The directors are capable of meeting the professional demands of their roles.

#### ► Composition of the Board of Directors

| Name           | Gender | Age | Position                         | Degree                  |
|----------------|--------|-----|----------------------------------|-------------------------|
| Jianxiang Chen | M      | 53  | Chairman, General Manager        | Doctor, Senior Engineer |
| Youqiang Yang  | M      | 52  | Chairman, Deputy General Manager | Doctor, Senior Engineer |
| Cunquan Zhou   | M      | 52  | Chairman, Deputy General Manager | Bachelor                |
| Yun Wang       | F      | 35  | Director                         | Associate               |
| Xiaoying Feng  | F      | 44  | Independent Director             | Bachelor                |
| Xing Ji        | M      | 50  | Independent Director             | Post-doctor             |
| Tianyu Zhang   | M      | 49  | Independent Director             | Doctor                  |

#### Board of Supervisors

The Group's supervisory board comprises three supervisors, including one chairperson and one employee representative supervisor. The supervisory board performs its supervisory duties in accordance with the "Company Law", "Securities Law", "Articles of Association", and other legal regulations, actively protecting the interests of all shareholders and the Group. During the reporting period, the Group held 5 Board of Supervisors meetings.

#### Remuneration of Directors, Supervisors, and Senior Management

The remuneration of directors, supervisors, and senior management is composed of salaries, allowances, and bonuses. The Remuneration Committee under the Board of Directors is responsible for formulating performance evaluation standards, procedures, systems, and policies. The remuneration schemes for directors, supervisors, and senior management are reviewed in accordance with the "Articles of Association" and the "Remuneration Management System for Directors, Supervisors, and Senior Management".

#### ► Compensation of Directors, Supervisors, and Senior Management

| Name           | Gender | Age | Position                           | Employment Status | Total Pre-tax Compensation Received from the Group (000 CNY) | Whether Compensation Was Received from Related Parties of the Group |
|----------------|--------|-----|------------------------------------|-------------------|--|---|
| Jianxiang Chen | M      | 53  | Chairman, General Manager          | Incumbent         | 1,545.1  | N   |
| Youqiang Yang  | M      | 52  | Chairman                           | Incumbent         | 864.3  | N   |
| Cunquan Zhou   | M      | 52  | Deputy General Manager             | Incumbent         | 716.4  | N   |
| Yun Wang       | F      | 35  | Director                           | Incumbent         | 86.4   | N   |
| Xiaoying Feng  | F      | 44  | Independent Director               | Incumbent         | 86.4   | N   |
| Xing Ji        | M      | 50  | Independent Director               | Incumbent         | 86.4   | N   |
| Tianyu Zhang   | M      | 49  | Independent Director               | Incumbent         | 86.4   | N   |
| Xiaoyan Yuan   | F      | 49  | Chairman of the Supervisory Board  | Incumbent         | 66.4   | N   |
| Li Li          | M      | 42  | Chairman of the Supervisory Board  | Incumbent         | 66.4   | N   |
| Kandong Tang   | M      | 39  | Employee Representative Supervisor | Incumbent         | 311.3  | N   |
| Guisong Chen   | M      | 44  | Chief Financial Officer            | Incumbent         | 945.8  | N   |
| Xiaofei Yang   | M      | 41  | Secretary of the Board             | Resignated        | 1,156.5  | N   |
| Wujun Yan      | M      | 37  | Secretary of the Board             | Incumbent         | 419.7  | N   |
| <b>Total</b>   | -      | -   | -                                  | -                 | <b>6,437.5</b>   |   |

## ESG Governance Structure

Lions King Group continuously improves its modern corporate governance system, establishing a three-level ESG governance structure from the Board of Directors to the management and execution levels. The Strategy and Development Committee under the Board of Directors is responsible for coordinating and formulating ESG work directions. A dedicated working group on sustainability coordinates and supervises the ESG work of the Group and its subsidiaries. Each business and functional department ensures the implementation and feedback. Through a professional ESG management system and transparent ESG governance structure, the Group fully implements and promotes ESG-related strategies, supporting the Group's steady and sustainable development.

### ► Sustainability (ESG) Governance System



#### Top Leadership - Set the Strategy

As the highest decision-making body for the Group's sustainable development, the Board of Directors is responsible for the strategic formulation and oversight of ESG and sustainability issues. The Group's strategic policies must be approved by the Board of Directors.

#### Management - Advance and Guide Daily Work

The Strategy and Development Committee is responsible for coordinating and implementing the Group's ESG and sustainability-related activities, thus it ensures effective communication and advancement of strategic directions.

#### Execution - Implement Work Effectiveness

Each business and functional department of the Group should perform their respective tasks according to the corresponding management indicators and mechanisms, ensuring the implementation of ESG and sustainable development-related activities. They are also responsible for carrying out specific work plans.

#### Information Disclosure and Transparency

The Group has established the "Information Disclosure Management System" and the "Insider Information Management System" to clearly define the scope and content of disclosed information, the procedures for preparing, reviewing, and disclosing regular reports and interim announcements. The internal reporting system specifies the procedures for reporting, transmitting, reviewing, and disclosing major internal events, as well as confidentiality and penalty measures.

During the reporting period, The Group strictly followed the "Company Law", "Administrative Measures for Information Disclosure of Listed Companies", and other laws, regulations, the "Articles of Association", and The Group's "Information Disclosure System" to disclose information truthfully, accurately, completely, timely, and fairly. The Group has designated "China Securities Journal", "Shanghai Securities News", "Securities Times", "Securities Daily", and "Economic Information Daily" as its official print media for information disclosure, and the Giant Information Network ([www.cninfo.com.cn](http://www.cninfo.com.cn)) as its official online information disclosure platform, ensuring that all shareholders have equal access to company information. During the reporting period, The Group was not penalized by regulatory authorities for improper external information disclosure.

#### Compliance Management and ESG Risk Management

The Group integrates risk management into its global strategy and operational management system, formulates the "Risk Management System", and establishes a risk response mechanism. Based on risk assessment, it develops clear strategies for risk mitigation to ensure stable and long-term development.

The Group has an effective risk assessment process and has established departments and personnel such as the Strategy and Development Committee, the Audit Committee, the Board Office, and the Audit Supervision Office to identify and respond to significant risks, including environmental risks, safety risks, operational risks, and business conduct risks.

The Group determines the main subsidiaries, businesses, and matters, as well as high-risk areas to be included in the evaluation scope based on risk-oriented principles. The main units included in the evaluation scope are the parent company and all subsidiaries within the consolidated financial statements. The total assets of the units included in the evaluation scope account for 100% of The Group's consolidated financial statement assets, and their combined revenue accounts for 100% of The Group's consolidated financial statement revenue. According to the internal controls and identification of significant deficiencies, there were no major internal control deficiencies in financial reporting and non-financial reporting during the reporting period.

### Environmental Risks

| Risk Performance                              | Risk Mitigation Strategy  |
|---|---|
| <p><b>Environmental compliance issues</b></p> | <p>The Group has passed the ISO14001:2015 environmental management system certification, and integrated the green development concept into the daily work of environmental management</p> <p>All projects affiliated to the Group have completed the development of self-monitoring environmental plans, which have been submitted to local environmental protection departments for record-keeping</p> <p>The Group regularly conducts environmental self-monitoring and publicly discloses the results on platforms designated by provincial and municipal ecological environment authorities</p> |

### Safety Risks

| Risk Performance  | Risk Mitigation Strategy  |
|---|---|
| <p><b>Unexpected safety accidents or inadequate safety management in the operation and production process</b></p> | <p>The Group has obtained ISO45001 management system certification on occupational health and safety</p> <p>Improve internal control systems and processes related to safe production, implement responsibility systems, strengthen risk prevention, and enhance supervision and rectification</p> <p>Emphasize the cultivation of safe production awareness so as to prevent and control risks from the source</p> |

### Operation Risks

| Risk Performance                       | Risk Mitigation Strategy   |
|--|--|
| <p><b>New business development</b></p> | <p>In-depth cooperation with scientific research institutions such as Shenzhen Advanced Institute of the Chinese Academy of Sciences. By bringing in high-level R&amp;D teams, it steadily promotes the research and development of various projects in the field of intelligent synthetic biology</p> |

### Operation Risks

| Risk Performance   | Risk Mitigation Strategy  |
|--|---|
| <p><b>The franchise cannot be renewed after expiration</b></p> | <p>Increase investment in technology research and development, maintain the advanced nature of technology and sustainable and stable operation</p> <p>Through refined management and continuous technical improvement, we can obtain more resource-based products, reduce the financial pressure of the local government, and obtain the priority right to the project renewals</p>   |
| <p><b>Bioenergy business performance fluctuated</b></p>        | <p>Actively participate in the EU's anti-circumvention and anti-dumping investigation of Chinese biodiesel</p>  |
|  | <p>Increase investment in R&amp;D, take the lead in using biological enzyme technology for biodiesel production, aiming to improve yield, reduce production costs, improve product quality</p>  |
|  | <p>Maintain the robust business strategy, timely adjust the procurement strategy, and strictly control the procurement risks and costs</p> <p>Improve the construction of raw material procurement and marketing system, and expand overseas markets</p> <p>Cooperate with Sinopec China Marine Fuel Supply Co., LTD., PetroChina Fuel Oil Company, and actively declare pilot application projects to the National Energy Administration, tapping into the Marine fuel market, and expand sales channels</p> <p>Adjust the strategic layout of bioenergy industry, pursue product upgrading, and plan new or potential merger and acquisitions of bio-jet fuel projects in Guangdong, Shandong, Tianjin, Hebei, Southeast Asia and other locations</p> |
| <p><b>Technology upgrade and renewal</b></p>                   | <p>Keep abreast of the development status and trends of mainstream technologies in the industry</p> <p>Encourage technological innovation, and attach great importance to the R&amp;D investment and the trial and promotion of the new technology</p>  |

## Business Conduct Risks

| Risk Performance   | Risk Mitigation Strategy   |
|--|--|
| <p><b>Loopholes in the procurement process</b></p>           | <p>Obtained ISO28000 Supply Chain Security Management System certification, systematically build a comprehensive suppl chain risk management system to improve the overall stability of the supply chain and reduce systemic risks</p> <p>Large projects will undergo a tendering process, involving price comparisons from at least three parties. A "Clean Governance Agreement" will be signed to avoid conflicts of interest</p> <p>Formulate procurement and supplier management regulations. The Group categorizes the raw materials that need to be purchased, extensively collects and screens supplier information, and evaluates their financial strength, quality management capability, delivery capability, and supply price. This ensures that the suppliers of the purchased raw materials can meet and support the Group's operational needs</p> <p>The Group strictly screens partners and suppliers, formulates supplier management systems and a list of qualified suppliers, and implements dynamic management. The Group conducts rigorous selection and evaluation among potential suppliers with corresponding qualifications, inspecting their quality control procedures and records. It assesses the suitability and reliability of the services and raw materials they provide, ultimately determining the qualified backup suppliers</p> |
| <p><b>Project quality, schedule and funding security</b></p> | <p>Formulate corresponding regulations to standardize the responsibilities and functions of designers, construction personnel, and project managers. Strengthen pre-tender cost control, clarify the duties and authority of relevant departments and positions, and enhance monitoring throughout the entire construction process</p>   |

Lions King Group continuously deepens the construction of the compliance system, embedding internal control risks into daily management. In accordance with the "Basic Standards for Corporate Internal Control", "Guidelines for the Application of Corporate Internal Control", and "Guidelines for the Evaluation of Corporate Internal Control", combined with the Group's internal control system and evaluation methods. The Group has formulated a series of comprehensive and effective internal management systems based on the principles of comprehensiveness, materiality, and balance. The effectiveness of internal controls is also evaluated to provide standard guidelines for legal and compliant operations.

### Audit and Internal Control

The Audit Committee has an Audit Supervision Office, which is authorized to comprehensively monitor and evaluate various departments, positions, and business operations. The Audit Supervision Office directly reports to the Board of Directors or the Audit Committee under it, maintaining independence, and has an established correction system to address identified issues promptly.

The Audit Supervision Office conducts regular audits and special audits to ensure that all business cycles operate strictly in accordance with internal control systems. Based on the Group's criteria for identifying major internal control deficiencies, there were no major internal control deficiencies in financial reporting and non-financial reporting during the reporting period.

The Group routinely organizes directors, supervisors, and senior management to participate in compliance training, continuously strengthening their internal control awareness and responsibility. Targeted compliance training for middle management and general employees enhances compliance awareness, ensuring the effective implementation of internal control systems, improving standardized operations and promoting healthy and sustainable company development.

### Main Responsibilities of the Audit Committee

#### Review internal controls

Monitor the effective implementation of internal controls

Assess the internal control self-evaluation process

Coordinate communication between internal control audits and external audits

Supervise and verify audit-related work

## Anti-corruption and Fair Competition

Lions King Group strictly abides by laws, regulations, and company rules, participating in market competition legally and compliantly. The Group is committed to establishing mutually respectful, beneficial, and win-win relationships with business partners, prohibiting bribery, corruption, monopolistic practices, unfair competition, and improper procurement.

To prevent undue benefits transfers, conflicts of interest, and to maintain independence, the Group has formulated the "Related Party Transaction Management System", "External Guarantee Management System", and "External Investment Management System". The "Articles of Association", "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board Meetings", "Rules of Procedure for Supervisory Board Meetings", and "Rules of Procedure for Independent Directors" stipulate specific procedures for investment, transactions, and fund exchanges, effectively preventing competition within the same industry and the benefits transfer, thus protecting the interests of the Group and other shareholders.

## Environmental Compliance Management

Lions King Group is dedicated to the mission of "committing to resource regeneration, creating a beautiful environment, and treating Mother Nature with care". The Group places a high priority on environmental issues in its production and operations, formulating environmental-related systems, upholding high standards, combining prevention and control, improving resource utilization efficiency, enhancing ecological environment services, and promoting green development to contribute to ecological civilization construction.

In accordance with relevant laws and regulations and ISO14001 requirements, the Group has established comprehensive environmental management system documents, such as the "Environmental Protection Facility Management System", "Three Wastes and Noise Pollution Prevention and Control Management System", "Pollution Source Online Monitoring System Management System", "Environmental Monitoring Management System", and "Environmental Information Management System", ensuring effective identification and control of environmental risks.

During the reporting period, all company projects completed the preparation of emergency response plans for sudden environmental incidents as required by the Ministry of Ecology and Environment. All projects passed expert group reviews and completed revisions and filings on schedule. Zhanjiang Lions King Environmental Energy Co., Ltd., Lions King Environmental Energy (Maoming) Co., Ltd., and Shenzhen Lions King Biomass Energy Co., Ltd. received the "Blue Label" evaluation for environmental integrity enterprises in the annual environmental credit evaluation. Lions King Group and its subsidiaries faced no administrative penalties for environmental issues, and no major environmental accidents occurred.












## Strategic Sustainability Goals

Lions King Group actively responds to the United Nation' s SDGs, and systematically reviews the Group's development in relation to the SDGs. It proactively undertakes corporate social responsibility while promoting business development.

The overall goal of Lions King Group's sustainability strategy is to integrate the principle of sustainability into the Group's development strategy and operational management, continuously strengthen ecological environmental protection, fulfill social responsibilities, improve corporate governance, enhance the sustainable development level of listed companies, and continuously improve governance, competitiveness, innovation, risk resistance, and return capabilities, promoting sustainable development of the Group and the economy and society, and gradually strengthening positive impacts on the economy, society, and environment.



Based on its business characteristics and stakeholders' concerns, the Group has identified its contributions to relevant SDGs, as shown in the table below.

| Strategy                            | SDGs  | Index   | Five-year Goals of the Group   |
|-------------------------------------|---|---|--|
| Consolidate Corporate Governance    |       | Diversity and inclusion levels  | Proportion of female employees: 20%  |
| Compliance and Risk Management      |       | Coverage of business ethics training  | Directors, supervisors, senior managers: 100%<br>Employee: 100%<br>Supplier: 80%   |
| Response to Climate Change          |       | Voluntary GHG emission reductions   | Millions of tons of carbon reduction contribution globally each year   |
| Improve Resource Regeneration       |   | Organic solid waste treatment rate  | 100%   |
| Promote Technological Innovation    |    | R&D investment ratio<br>Number and proportion of R&D personnel<br>Number of inventions and patents granted  | Weight of R&D investment in total revenue > 4%<br>Proportion of R&D personnel in total staff > 8%<br>Number of authorized patents: 300; Number of invention patents: 5 |
| Environmental Compliance Management |    | ISO 14001 certification coverage<br>Number of environmental incidents above general Class B<br>Number of environmental events at general C-class<br>Number of environmental events at general D-class (R)<br>Safety and environmental management personnel on duty rate | Full coverage of ISO system on key projects<br>B-class: 0<br>C-class: 0<br>R≤5<br>≥90%   |
| Safeguard Life and Health           |   | Safety standardization level<br>Number of safety accidents above general B-class (death accidents)<br>Number of safety accidents at general C-class (serious injury accidents)<br>Number of safety accidents at general D-class (minor injury accidents) (R)            | DuPont Safety Standardization score of key projects - 2.5 points and above, Level 3<br>Class B:0<br>Class C:0<br>R≤5   |

## Communication with Our Stakeholders

The trust and support of stakeholders are crucial for Lions King Group to become a responsible enterprise. The Group fully respects and protects stakeholders' legitimate rights and interests, balances the interests of shareholders, investors, employees, society, and other parties.

Based on its business characteristics and operational status, and drawing on industry experience and practices, Lions King Group has identified 7 key stakeholders that include corporate shareholders and potential investors, government and regulators, employees, customers, suppliers, research Institutes and other partners, and community.

The Group has established a regular communication mechanism with stakeholders to comprehensively and deeply understand their expectations and suggestions from the perspectives of sustainable development and stakeholder impact.

| Stakeholder Group                              | Main Concerns  | Main Channels for Communication   |
|--|--|---|
| Corporate Shareholders and Potential Investors | Compliance operation and risk management<br>Sustainability management system<br>New Quality Productive Forces<br>Innovation-driven business  | Annual general meeting<br>Board of Directors and General Meeting of Shareholders<br>Enterprise announcements<br>Financial reports   |
| Government and Regulators                      | Compliance operation and risk management<br>Business ethics<br>Sustainability management system<br>New Quality Productive Forces<br>Response to climate change<br>Energy management and conservation | Enterprise announcements<br>Reporting files<br>Offer advice and suggestions<br>Strategy and Development Committee<br>Audit Committee                                      |
| Employees                                      | Occupational health and safety<br>Employee development and training<br>Diversity, inclusion and equality<br>Innovation-driven business   | Management meetings and staff meetings<br>Internal online communication platform<br>Staff training<br>Employee activity<br>Nomination Committee<br>Remuneration Committee |
| Customers                                      | Product and customer service quality<br>Innovation-driven business<br>Pollutant prevention and ecosystem protection<br>Resource utilization and circular economy<br>Health and welfare               | Official website<br>Social media<br>Customer visit<br>Customer service hotline  |
| Suppliers                                      | Supplier management<br>Business ethics<br>Innovation-driven business<br>Product and customer service quality   | Supplier visit<br>Supplier conference<br>Supplier training<br>Industry exchange   |

|  |  |  |
|--|--|--|
| Community                              | Rural revitalization<br>Social contribution<br>Health and welfare<br>Pollutant prevention and ecosystem protection | Community interaction and public welfare activities<br>Volunteer service<br>Environmental protection education |
| Research Institutes and other partners | New Quality Productive Forces<br>Innovation-driven business  | Technical cooperation and exchange<br>Scholarships and talent programs   |

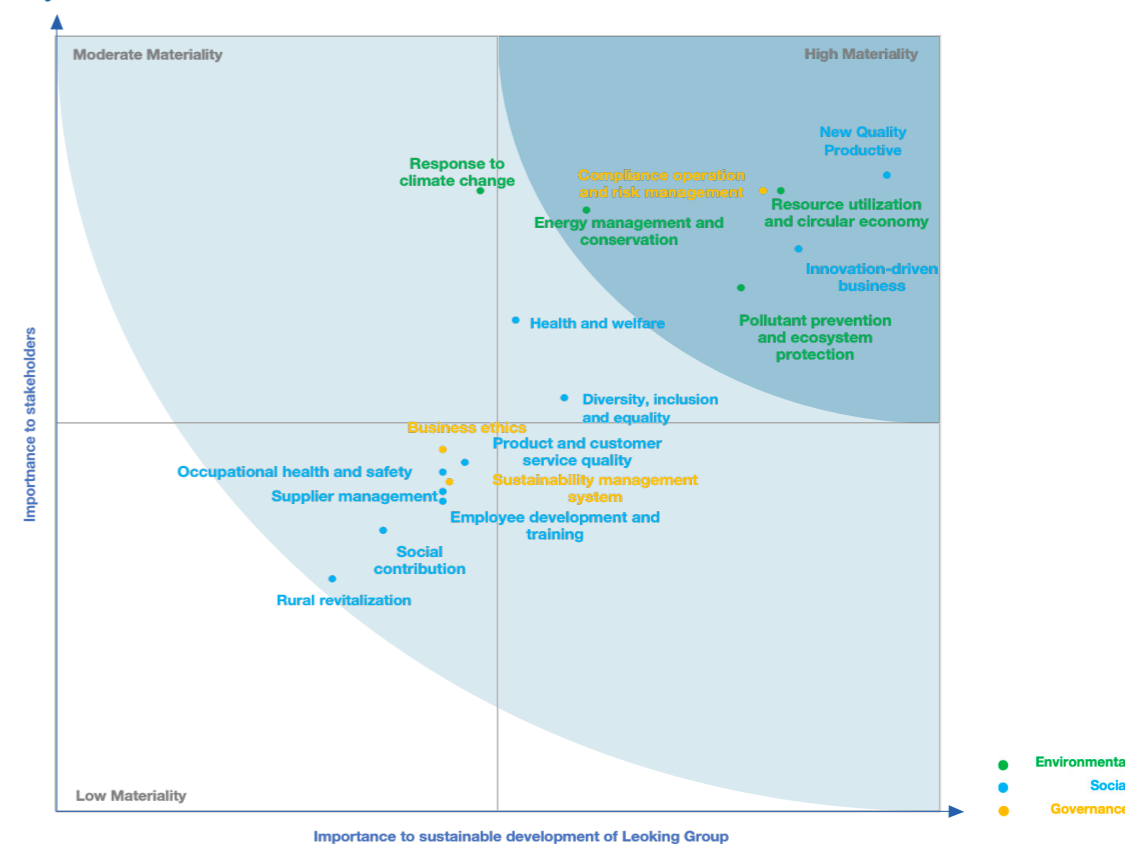
## Materiality Assessment

Lions King Group deeply understands the significance of environmental, social, governance (ESG) issues, and economic effects on the Group and stakeholders, and hence attaches great importance to it. The Group actively identifies ESG material issues related to its business. It's our Strategy and Development Committee's role to evaluate the annual list of material issues and submit them to the Board for final approval.

We strictly followed the principles of double-materiality from GRI standards relating to material issues. Based on the Group's business characteristics, Lions King Group has identified top 17 material issues. Furthermore, the Group has prioritized them according to stakeholders' feedback and impact assessment. Lions King Group highlights the management progress of material issues in the annual sustainability report, and communicates with internal and external stakeholders through other specific methods and channels, to constantly improve sustainability management.

During the reporting period, Lions King Group has identified high-impact material issues such as "New Quality Productive Forces", "resource utilization and circular economy", "compliance operation and risk management", "innovation-driven business", "energy management and conservation", and "pollutant prevention and ecosystem protection".

### Materiality Matrix





03

# Environmental

CO<sub>2</sub>

Totaling approximately **2.003** million tons of carbon reduction

**0** excessive emissions from subsidiaries

Response to Climate Change

Turning Waste into Treasure

Pollutant Prevention and Ecological Protection



## Responding to the "Dual Carbon" Strategy and Upholding Green Technology

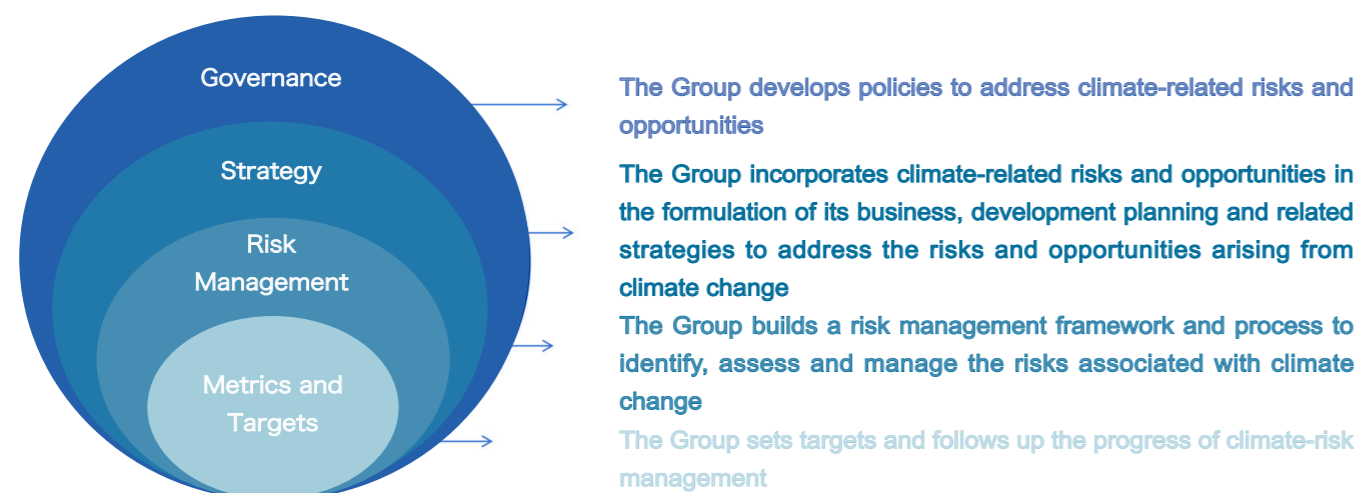
The global climate change situation is becoming increasingly severe, with long-term and complex impacts and risks. Sustainable development is crucial for the future of humanity, and actively responding to climate change has become a global consensus.

During the reporting period, the Central government and the State Council issued the "Opinions on Comprehensively Promoting the Building of a Beautiful China", with an establishment goal by 2035. This includes integrating ecological civilization construction and green and low-carbon development into national key tasks, encouraging and supporting the development of green industries such as carbon reduction, ecological restoration, waste recycling, and circular economy, while pursuing high-quality development.

### Response to Climate Change

#### Climate Governance Framework

Lions King Group actively responds to national calls, treating climate change response as a crucial sustainable development issue. The Group continuously improves its climate change response efforts, identifying risks related to its business operations, which may negatively impact assets, employees, and the supply chain, and constitute potential financial risks. At the same time, the Group recognizes the opportunities brought by climate change, driving sustainable development through climate change response initiatives.



The Group organizes and presents the climate change governance system from four modules, i.e., governance, strategy, risk management, and metrics and targets, effectively addressing the challenges posed by climate change.

#### Climate Risk and Opportunity Analysis

To further understand the risks and opportunities brought by climate change, Lions King Group actively conducts climate risk and opportunity assessments. Climate risks are categorized into physical risks and transition risks. The Group identifies the likelihood and potential impact of these risks and formulates corresponding response strategies to inform future development decisions.

#### Climate Risks

Physical risks arise from climate change impacts on Lions King Group's operations, including acute physical risks from sudden climate events e.g. typhoons, heavy rains and chronic physical risks from changes in climate patterns e.g. rising average temperatures. During the reporting period, the Group screened for acute and chronic physical risks and identified key physical risks affecting the Group.

Transition risks are associated with the transition to a low-carbon economy and may arise from changes in policies, regulations, technology, and market developments. During the reporting period, the Group analyzed market conditions, industry characteristics, and its business model, focusing on policy, regulatory, and technical risks.

#### Climate Opportunities

Global climate change challenges also present new development opportunities for the Group. We actively respond to national climate change initiatives, strengthening internal climate risk management, planning low-carbon development paths, and developing new products and businesses to enhance global climate adaptability.

In January 2024, the Group assisted Sinopec Fuel Oil in completing the first B5 biodiesel refueling demonstration in the domestic inland shipping sector. The Group's biodiesel products, meeting EU certification standards, are sold to Europe, the United States, Japan, and Southeast Asia, contributing millions of tons of carbon reduction annually and supporting green initiatives.

Compared to traditional aviation kerosene, SAF significantly reduces emissions of particulates, nitrogen oxides, and sulfur compounds. In October 2023, the Ministry of Finance and the Civil Aviation Administration jointly issued the "Guidelines for the Development of the Green Aviation Manufacturing Industry (2023-2035)", providing guidance and support for the green transformation of the aviation manufacturing industry and encouraging the application of SAF in domestically produced civil aircraft and engines.

Lions King Group responds to the national green aviation development initiative by seizing opportunities in SAF development and promoting the establishment of high-standard SAF production lines, advancing the green and low-carbon transformation of the aviation manufacturing industry.

In September 2023, the Ministry of Ecology and Environment reviewed and approved the "Management Measures for GHG Voluntary Emission Reduction Trading (Pilot Version)", aimed at promoting GHG emission reduction through market mechanisms as a key measure to achieve carbon peaking and carbon neutrality goals. China Certified Emission Reduction ("CCER") trading market officially launched in January 2024, accelerating the construction of a national carbon market.

Lions King Group actively participates in establishing a new carbon market order, promoting the implementation of green low-carbon energy carbon reduction methodologies, and leading and regulating the healthy development of the industry. The Group is fully advancing carbon accounting at the project level and has initiated product carbon footprint work, laying the foundation for future metrics and targets.

As of the end of the reporting period, the Guangzhou, Zhongshan, Gaoyao, and Wuchuan Biomass Resource Regeneration Center projects have completed GHG voluntary emission reduction measurements. The Guangzhou Project has been registered under the Verified Carbon Standard ("VCS"), with calculations based on the Clean Development Mechanism ("CDM") methodology ACM-022, and verified data from April 1, 2020,

to March 31, 2022, cumulating 332,556 tons of CO2 equivalent voluntary emission reductions. The other three projects, adopting the CCER methodology CM-072, are expected to achieve a cumulative voluntary emission reduction of 5,376,366 tons of CO2 equivalent over 10 years starting from 2023.

The Group is also actively developing CCER methodologies, having initiated the drafting and submission of the "Voluntary Emission Reduction Methodology for GHGs from Kitchen Waste" and the "Voluntary Emission Reduction Methodology for Biodiesel Used as Fuel". Another "Voluntary Emission Reduction Methodology for the Harmless Disposal of Animal Carcasses" is also in progress. equivalent over 10 years starting from 2023.

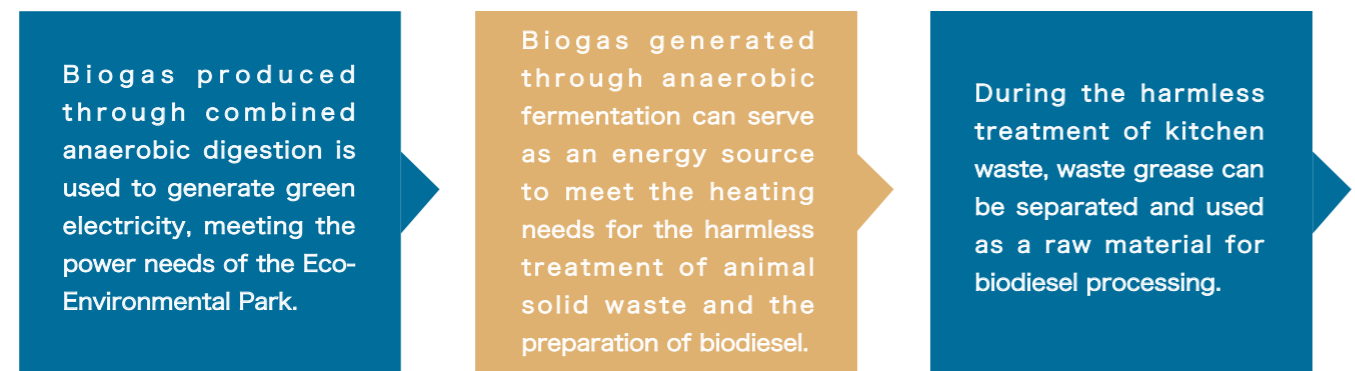
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## Turning Waste into Treasure

Lions King Group is committed to its mission of "contributing to green technology and sustainable development", striving to become a resource-saving and environment-friendly enterprise, prioritizing efficient resource utilization and circular economy. By introducing effective mechanisms, establishing scientific performance evaluation systems, and increasing financial investment, the Group uses environmentally friendly, efficient, and carbon-reducing biotechnology to promote the construction of "Zero-waste Cities".

### Deep Resource Utilization

Lions King Group has focused on biomass resource regeneration for over two decades. Our biomass resource regeneration centers uniformly plan and construct facilities for processing various types of biomass waste, such as food waste, kitchen waste, and waste oil. Using independently developed core technologies, the Group can synergistically process multiple types of biomass waste, effectively addressing the pain points and difficulties of government clients, reducing investment and operating costs, and creating more green economic benefits for customers.



### Energy Management

During the production of biodiesel, a large amount of steam and electricity is required. Lions King Group is strengthening the research and application of biogas power generation resource utilization technology. They are

developing new processes to remove moisture and sulfides from biogas to ensure the stability of resource utilization equipment, improve biogas utilization efficiency, extend the service life of biogas generator consumables, and promote the use of clean energy.

## Pollutant Prevention and Ecological Protection

Lions King Group actively responds to the latest environmental protection policy requirements. The Group constantly strengthens the operation adjustments and equipment maintenance management of pollutant prevention facilities, enhances environmental protection technology transformation, improving equipment operational efficiency, and ensures that all pollutant emissions comply with national and local environmental management requirements.

The Group's biomass resource regeneration business is not classified as heavy pollution. The main pollutants emitted during the production process and their treatment methods are as follows.

| Types of Project in Operation   | Objects Processed   | Major Pollutants | Utilization and Disposal  |
|---|---|------------------|---|
| Organic Solid Waste Co-treatment Environmental Park                         | Catering waste, kitchen waste, animal solid waste, and other organic solid waste  | Solid waste      | Entrust a qualified third party to handle it                              |
|   |   | Wastewater       | Treated to Meet Discharge Standards                                       |
|   |   | Exhaust gas      | Treated to Meet Discharge Standards                                       |
| "Organic Solid Waste and Household Garbage" Co-treatment Environmental Park | Organic solid waste such as catering waste, kitchen waste, animal solid waste, and household garbage (the types of organic solid waste vary depending on the project) | Wastewater       | Treated to Meet Standards for Reuse or Discharge                          |
|   |   | Smoke            | Treatment of conforming discharge   |
|   |   | Fly ash          | Solidified landfill   |
|   |   | Furnace slag     | Transported for Use as Building Materials                                 |
| Animal Solid Waste Project  | Animal solid waste  | Wastewater       | Treated to Meet Standards for Reuse or Discharge                          |
|   |   | Exhaust gas      | Treated to Meet Discharge Standards                                       |
| Household Garbage Incineration Project                                      | Household Waste   | Wastewater       | Treated to Meet Standards for Reuse or Discharge                          |
|   |   | Smoke            | Treatment of conforming discharge   |
|   |   | Fly ash/ slag    | Solidification and Landfill/ Transportation for Use as Building Materials |

04

# Social

Proportion of female staff **15.8%**

Average training hours per employee **7.9** hours

**0** general Grade D (minor injury accidents)

**0** safety, fire, and occupational health violations

Charitable donations totaling **2.43** million CNY

**People-oriented Approach and Caring for Employees**

**Supply Optimization and Quality Control**

**Co-creating Health and Common Welfare**

**Public Welfare and Social Contribution**



## Fulfilling Corporate Social Responsibility

Lions King Group actively fulfills its social responsibilities and obligations in daily operations based on national laws and regulations, combined with industry characteristics. This approach is fully integrated into the Group's strategy and daily operations, continuously enhancing the Group's social image and promoting social responsibility initiatives.

### People-oriented Approach and Caring for Employees

Lions King Group firmly believes that employees are the cornerstone of corporate development and talent is the core driving force. The Group has established a systematic and robust employee management system, maintaining harmonious labor relations through legal and compliant management practices.

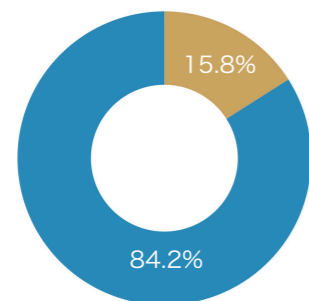
#### Rights Protection and Employee Welfare

To protect employees' legal rights and create a positive workplace environment, the Group has established human resources management and labor employment systems. It complies with national and local labor laws, regulations, and normative documents related to social security. All employees enjoy good welfare, including social insurance, statutory holidays, paid annual leave, sick leave, marriage leave, bereavement leave, and maternity leave according to national policies. The Group strictly prevents forced labor and other human rights violations, effectively safeguarding employees' legal rights.

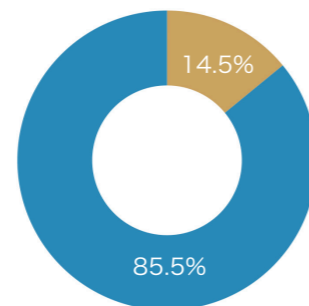
The Group always prioritizes the physical and mental health of employees, providing facilities like employee cafeterias and gyms to ensure their dietary and physical health. The Group also addresses employees' spiritual needs by continuously organizing various corporate cultural activities through the labor union, enriching employees' leisure life, enhancing their sense of belonging, and promoting mutual progress between employees and the Group.

#### Diversity, Inclusion, and Equality

Gender Ratio of Employees in 2023



Gender Ratio of Employees in 2022



■ Male  
■ Female

Lions King Group adheres to principles of fairness, justice, and openness in employment, striving to enhance workplace inclusivity. The Group actively maintains a diverse and inclusive employment environment, promoting equality and zero discrimination. The Group strictly prohibits any form of discrimination and harassment during recruitment, promotion, training, and dismissal stages, including but not limited to discrimination based on gender, race, age, religion, physical condition, and marital status. With the expansion of new business, the proportion of female employees increased in 2023 compared to 2022.

#### Employee Growth Path

Lions King Group emphasizes a people-oriented approach, treating talent strategy as a key focus for corporate development and valuing talent introduction and cultivation. The Group has established "Lions King University", developing courses and content based on the actual needs of talent growth. High-frequency training and practical exercises are conducted both online and offline, following the "learn, practice, test, and compete" mechanism, to cultivate and replicate cadres and outstanding talents in batches, meeting the needs of high-quality development of Lions King Group.

During the reporting period, Lions King Group conducted two mid-to-high-level management skill training sessions, three "Lion Plan" new employee cultural training camps, and organized visiting learning journeys to Huawei and Alibaba.

#### Strengthening Safety and Caring for Employee Health

Lions King Group prioritizes health and safety, and strictly adhere to national laws and regulations on employee health and safety, such as the "Work Safety Law of the People's Republic of China" and other safety production-related laws and regulations, fully promoting the development of safety and compliance within the Group and for its projects.

The Group implements a safety culture project in production. With the principle of "safety shapes culture, culture ensures safety" in mind, we combine "rigid" management system and "flexible" cultural construction to offer strong supports for safe production, safeguarding employees' health and safety.

The Group has established a safety production management system and framework, defining goals and assessment methods, implementing a responsibility system to ensure proper management of occupational health and safety. The Group is certified by ISO45001 occupational health and safety management system. During the reporting period, the Group achieved zero general D (minor injury) and above safety accidents, zero safety, fire, and occupational health violations.

The Group's safety management follows the systematic, procedural, and standardized approaches, formulating multiple safety management systems to ensure the implementation of safe production and management.

| Category            | Name of the Policy  |
|---------------------|---|
| Basic Safety        | Safety management manual  |
|                     | Safety production responsibility system management system       |
|                     | Safety and environmental protection incentive assessment system |
|                     | Change management system  |
|                     | Accident management system                                      |
|                     | Safety input management system                                  |
|                     | Safety training management system                               |
|                     | Construction project "three simultaneous" management system     |
|                     | Emergency management system                                     |
| Dual Prevention     | Stakeholder management system                                   |
|                     | Security risk hierarchical management system                    |
|                     | Hidden danger investigation and management system               |
| Fire Safety         | Fire safety management system                                   |
| Occupational Health | Occupational health management system                           |
|                     | Labor protection articles management system                     |
| Chemicals           | Chemical management system                                      |
| Job                 | Hazardous operation management system                           |
| Traffic Safety      | Traffic safety management system                                |

The Group enhances emergency response capabilities by organizing and conducting typical accident emergency drills, formulating emergency plans, equipping with emergency supplies, and strengthening emergency drills. During the reporting period, Lions King Group conducted 541 emergency drills with 6,935 participants.

In terms of hazardous operations, Lions King Group strengthens hazardous operations management through four dimensions: optimizing hazardous operations management procedures, establishing tool and equipment inspection systems, enforcing strict process safety supervision, and establishing strict contractor management. This ensures that the hazardous work is conducted safely under controlled management.

The Group enhances emergency response capabilities by organizing and conducting typical accident emergency drills, formulating emergency plans, equipping with emergency supplies, and strengthening emergency drills. During the reporting period, Lions King Group conducted 541 emergency drills with 6,935 participants.

## Supply Optimization and Quality Control

The Group adheres to the business philosophy of "honesty, integrity, cooperation, and mutual benefits", working with partners to enhance quality and promote sustainable supply chain.

Lions King Group is certified with ISO28000 supply chain safety management system. The Group conducts qualification reviews for suppliers, assessing environmental performance, benchmark achievements, employee qualifications, and corporate certifications, aligning them with international benchmarks. Daily procurement and payment processes are handled by authorized business units, engineering departments, procurement departments, and finance departments, following the Group's procurement processes, payment processes, and operational guidelines, clarifying responsibilities and approval authority at each stage to ensure comprehensive procurement management.

Lions King Group has established a comprehensive online supply chain procurement system, utilized advanced information systems and technologies to achieve transparent, automated, and intelligent supply chain management.

During the reporting period, the Group held a supplier conference to launch training for exemplary suppliers on high-quality development, integrity education, and innovation. Excellent suppliers in 2023 were also awarded at the conference.

Lions King Group is certified with ISO9001 quality management system, adhering to principles of quality assurance and service optimization. The Group has established systematic project management systems to ensure project service quality.

The Group has established and improved independent and complete business system, information system and management system. Through the Group's intelligent management platform and engineering project management system, we have been able to improve the enterprise information management ability, realize the information construction, and continuously track and control the project progress, quality, cost, resources and risks.

## Co-creating Health and Common Welfare

HMOs are naturally occurring nutrients found only in human breast milk, representing the second-largest carbohydrate component and the third-largest nutritional component after lactose. Adding HMOs to infant formula to precisely mimic breast milk and enhance nutritional value is becoming a promising industry trend.

With more global regulatory agencies approving HMOs in infant formula and increasing consumer demand for health and nutrition, the application of HMOs is expanding beyond infant formula to adult milk powder, functional beverages, and health products.

Currently, Lions King Group's Zhuhai production base, with an annual output of 260 tons of HMOs, is accelerating the industrialization process. Upon completion and production, the project is expected to stably supply hundreds of tons of high-purity HMO products to the market annually.

In the future, Lions King Group will continue to leverage synthetic biology and AI technologies to drive HMO product development and production, diversifying HMO applications in infant foods and other markets, creating greater value for human health and wellbeing, and bringing more innovation and possibilities to the industry. The Group will meet the high standards of health life demands and fulfill corporate social responsibilities.

Meanwhile, the Group actively communicates and collaborates with well-known milk powder brands in the market and plans to officially launch HMO products in 2025 after obtaining approval from the National Health Commission, contributing to the high-quality development of China's health industry and people's lives.

## Public Welfare and Social Contribution

Lions King Group consistently adheres to social feedback, actively fulfills corporate social responsibilities and promotes the spirit of "benevolence". During the reporting period, the Group made charitable donations totaling 2.4 million CNY to various organizations, including the Longgang District Charity Association and the Seda County Education and Sports Bureau.

Education is one of the most important aspects of human society. As an alumnus of Tsinghua University, Chairman Chen Jianxiang, along with alumni, actively engages in public welfare and charitable activities, to mobilize social forces to focus on education in Tibetan areas. During the reporting period, Lions King Group became the first company to integrate public welfare and support for the cultural and educational development of Tibetan areas into its public listing appreciation event contributing to the socioeconomic development of impoverished areas such as Seda through various means, including financial aid for education.

In November 2023, Lions King Group was named "China's Top 50 ESG Innovative Enterprise" by Forbes for our innovative performance in the ESG field.



# Appendix

## Appendix I: Index Table

### GRI Content Index

| <b>Statement of use</b>  | Shenzhen Lions King Environmental Group Company Limited has reported the information cited in this GRI content index for the period from January 1, 2023, to December 31, 2023 with reference to the GRI Standards. |   |
|--|---|---|
| <b>GRI 1 used</b>  | GRI 1: Foundation 2021  |   |
| Report Framework   | Relevant Chapter  | GRI Disclosure  |
| About This Report  | About This Report   | 2-1; 2-2; 2-3; 2-6                                    |
| Message from the Chairman  | Message from the Chairman   | 2-22  |
| About Lions King Group   | Group Overview  | 2-1; 2-6  |
|  | Core Business   | 416-1   |
|  | Future Plans  | 2-6; 416-1  |
|  | Our Culture   | 2-1   |
|  | Annual Highlights   | 2-6   |
|  | Annual Honors   | 2-27  |
| Our Focus: New Quality Productive Forces   | Strong Research Focus on High-tech Industries   | 2-12; 2-27; 416-1; 417-1                              |
|  | Future Orientation in Intelligent Synthetic Biology   | 2-12; 2-27; 416-1; 417-1                              |
|  | Embrace Digitalization with Smart Information Systems   | 2-12; 2-27; 416-1; 417-1                              |
| Governance: Strengthening Corporate Sustainability Governance and Promoting High-quality Development | Sustainability Governance System  | 2-9; 2-10; 2-11; 2-12; 2-13; 2-14 ; 2-27              |
|  | Compliance Management and ESG Risk Management   | 2-12; 2-13; 2-14 ; 2-15; 2-23; 2-24; 2-25; 2-26; 2-27 |
|  | Strategic Sustainability Goals  | 2-12; 2-13; 2-14 ; 2-16; 2-17; 2-22                   |
|  | Communication with our Stakeholders   | 2-6; 2-12; 2-14 ; 2-16; 2-29                          |
| Environmental: Responding to the "Dual Carbon" Call and Upholding to Green Technology                | Materiality Assessment  | 2-12; 2-14 ; 3-1; 3-2; 3-3; 2-12; 2-16; 2-17; 403-1   |
|  | Response to Climate Change  | 2-12; 2-27; 201-2                                     |
|  | Turning Waste into Treasure   | 2-27; 306-1; 306-2                                    |
|  | Pollutant Prevention and Ecological Protection  | 2-27; 303-2; 305-7; 306-1; 306-2                      |

|  |   |   |
|--|---|---|
| Social: Fulfilling Corporate Social Responsibility | People-oriented Approach and Caring for Employees | 2-7; 2-24; 2-27; 201-3; 401-2; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 404-1; 404-2; 405-1; 406-1; 409-1 |
|  | Supply Optimization and Quality Control           | 2-6; 2-23; 2-24; 2-27; 308-1; 308-2; 414-1; 414-2   |
|  | Co-creating Health and Common Welfare             | 2-27; 416-1; 417-1  |
|  | Public Welfare and Social Contribution            | 2-27; 203-1; 203-2  |

| Omitted GRI Indexes  | Explanation   |
|--|---|
| 2-4; 2-5   | First disclosure  |
| 2-18; 2-21; 202-1; 202-2; 204-1; 206-1   | Due to the confidentiality of information, it is not publicly disclosed   |
| 2-19; 2-20; 201-1; 201-4; 207-1; 207-2; 207-3  | Please refer to the Group's annual report   |
| 304-1; 304-2; 304-3; 304-4   | The topic is not highly relevant to our core business   |
| 207-4; 407-1; 411-1; 415-1   | Not applicable  |
| 2-30   | Not applicable. There are no formal collective bargaining agreements in place within the Group. The Group and the individual employee sign a separate labour contract to stipulate the rights and obligations of both parties, and if there is a change in the policy related to the vital interests of the employee, it will also be communicated through the employee representative assembly |
| 205-1; 205-3; 402-1; 403-8; 403-9; 403-10; 404-3; 405-2; 410-1; 413-1; 413-2                     | The information is currently incomplete or unavailable, and these data are beyond the current scope of the Group's ESG data management. As we continue to collect more statistical data in the future, the scope of our data collection will gradually expand and be disclosed.   |
| 205-2; 301-1; 301-2; 301-3; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5 | The Group is currently engaged in the relevant tasks and will release the data once it is accessible.   |
| 306-3; 306-4; 306-5  | The Group's in-house project focuses on the treatment of environmental pollutants, with the primary goal of carrying out non-hazardous treatment and resource utilization of collected waste. The Group's operations include organic solid waste treatment, domestic waste treatment, and environmental engineering services, all of which are not classified as heavy pollution businesses.    |



## Abbreviation

| No. | Full Name   | Abbreviation                    |
|-----|---|---------------------------------|
| 1   | Shenzhen Lions King Environmental Group Company Limited           | Lions King Group, the Group, we |
| 2   | Environmental, Social, Governance                                 | ESG                             |
| 3   | Shenzhen Stock Exchange   | SZSE                            |
| 4   | Growth Enterprise Market  | GEM                             |
| 5   | CNY   | Chinese Yuan                    |
| 6   | Ministry of Agriculture and Rural Affairs                         | MOARA                           |
| 7   | Zhongke Langjian Biotechnology Co., Ltd.                          | Zhongke Langjian                |
| 8   | Zhuhai Langjian Biotechnology Co., Ltd.                           | Zhuhai Langjian                 |
| 9   | National Intelligent Synthetic Biology Industry Innovation Center | National Innovation Center      |
| 10  | Guangzhou Biomass Resource Regeneration Center                    | Guangzhou Project               |
| 11  | Shenzhen Longgang Biomass Resource Regeneration Center            | Shenzhen Project                |
| 12  | Zhongshan Biomass Resource Regeneration Center                    | Zhongshan Project               |
| 13  | Beijing Tongzhou Biomass Resource Regeneration Center             | Beijing Tongzhou Project        |
| 14  | Maoming Biomass Resource Regeneration Center                      | Maoming Project                 |
| 15  | Artificial Intelligence   | AI                              |
| 16  | Human Milk Oligosaccharides                                       | HMO                             |
| 17  | Sustainable Aviation Fuel   | SAF                             |
| 18  | Greenhouse Gas  | GHG                             |
| 19  | China Certified Emission Reduction                                | CCER                            |
| 20  | Verified Carbon Standard  | VCS                             |
| 21  | Clean Development Mechanism                                       | CDM                             |
| 22  | Research and Development  | R&D                             |

## Appendix II: Sustainability Performance

### Corporate Governance and Economic Performance

#### Economic Performance

| Indicator  | 2023               | 2022               | Increase/Decrease Compared to Last Year               | 2021               |
|--|--------------------|--------------------|---|--------------------|
| Operating Revenue (CNY)  | 1,752,883,083.75   | 1,818,564,035.50   | -3.61%  | 1,618,612,075.60   |
| Net Profit Attributable to Shareholders of the Listed Company (CNY)  | 178,855,243.12     | 242,534,934.94     | -26.26%   | 228,073,488.13     |
| Net Profit Attributable to Shareholders of the Listed Company Excluding Non-recurring Gains and Losses (CNY) | 167,205,327.63     | 232,496,682.08     | -28.08%   | 208,525,520.85     |
| Net Cash Flow from Operating Activities (CNY)  | 113,040,076.83     | 363,440,658.90     | -68.90%   | 270,490,640.19     |
| Basic Earnings per Share (EPS) (CNY/EPS)   | 0.8197             | 1.3277             | -38.26%   | 1.2485             |
| Diluted Earnings per Share (EPS) (CNY/EPS)   | 0.8197             | 1.3277             | -38.26%   | 1.2485             |
| Weighted Average Return on Equity (ROE)  | 6.49%              | 14.06%             | -7.57%  | 15.31%             |
|  | <b>End of 2023</b> | <b>End of 2022</b> | <b>Increase/Decrease Compared to End of Last Year</b> | <b>End of 2021</b> |
| Total Assets (CNY)   | 5,956,418,676.15   | 4,459,330,126.06   | 33.57%  | 4,135,242,567.74   |
| Net Assets Attributable to Shareholders of the Listed Company (CNY)  | 3,400,817,059.40   | 1,845,801,072.99   | 84.25%  | 1,603,266,138.05   |

#### Status of the Three Meetings

| Meeting Category                | Times | Proposals and Reports Reviewed  |
|---------------------------------|-------|---|
| General Meeting of Shareholders | 6     | Totally 110 proposals and reports were deliberated, reviewed, examined, or heard, including repeated items. |
| Board of Director Meeting       | 9     |   |
| Board of Supervisor Meeting     | 5     |   |

## Intellectual Property

| Key Metrics                                 | 2023 | 2022 | 2021 |
|---|------|------|------|
| Number of Authorized Patent Projects        | 168  | 163  | 147  |
| Number of Patent Projects under Application | 14   |      |      |

## Authentication Certificate

| Certificate Type                                      | ID                 | Effective Period         | Certificate Authority (CA)                  |
|---|--------------------|--------------------------|---|
| ISO14001  | 00222E34755R1M     | 2022.12.28 to 2026.1.2   | China Quality Mark Certification Group      |
| ISO9001   | 00222Q27688R0M     | 2022.12.28 to 2025.12.27 | China Quality Mark Certification Group      |
| ISO45001  | CQM22S24358R1M     | 2022.12.28 to 2026.1.2   | China Quality Mark Certification Group      |
| ISO28000  | 69123SCSMS00001R0M | 2023.2.17 to 2026.2.16   | Guangdong Zhongpeng Certification Co., Ltd. |
| ISO/ Integrity Management System Certification        | 69123CMS00001R0M   | 2023.2.17 to 2026.2.16   | Guangdong Zhongpeng Certification Co., Ltd. |
| Intellectual Property Management System Certification | 181191P1949R0M     | 2022.4.18 to 2025.4.17   | Zhonggui (Beijing) Certification Co., Ltd.  |

## Environmental Performance

### Emissions and Waste

| Indicator                                 | Unit       | 2023       |
|---|------------|------------|
| COD                                       | Metric ton | 50.70      |
| NH3-N                                     | Metric ton | 0.37       |
| NOx                                       | Metric ton | 643.22     |
| SO2                                       | Metric ton | 130.15     |
| PM  | Metric ton | 17.00      |
| Solid waste                               | Metric ton | 272,324.48 |
| General industrial solid waste generation | Metric ton | 249,877.86 |
| Hazardous waste generated                 | Metric ton | 22,446.62  |

## Waste

| Indicator        | Unit       | 2023      |
|------------------|------------|-----------|
| sewage discharge | Metric ton | 187,936.5 |

## Social Performance

### Employment

| Indicator                        | Unit   | 2023  | 2022  | 2021  |
|----------------------------------|--------|-------|-------|-------|
| <b>Total Number of Staff</b>     | Person | 1,598 | 1,527 | 1,431 |
| <b>By Gender</b>                 |        |       |       |       |
| Female                           | %      | 15.8% | 14.5% | 13.9% |
| Male                             | %      | 84.2% | 85.5% | 86.1% |
| <b>By Degree</b>                 |        |       |       |       |
| Master or above                  | %      | 4.4%  | 3.6%  | 3.1%  |
| Bachelor                         | %      | 24.6% | 22.0% | 19.8% |
| Associate or below               | %      | 71.0% | 74.4% | 77.1% |
| <b>Total Number of New Hires</b> | Person | 471   | 528   | 618   |
| <b>By Gender</b>                 |        |       |       |       |
| Female                           | %      | 18.7% | 11.6% | 14.0% |
| Male                             | %      | 81.3% | 88.4% | 86.0% |
| <b>By Degree</b>                 |        |       |       |       |
| Master or above                  | %      | 6.4%  | 3.4%  | 2.7%  |
| Bachelor                         | %      | 30.8% | 19.7% | 21.1% |
| Associate or below               | %      | 62.8% | 76.9% | 76.2% |

### Employee Training

| Indicator   | Unit | 2023  | 2022  | 2021  |
|---|------|-------|-------|-------|
| <b>Employee Training Coverage</b>                 | %    | 100%  | 100%  | 100%  |
| <b>By Gender</b>                                  |      |       |       |       |
| Female  | %    | 15.8% | 14.5% | 13.9% |
| Male  | %    | 84.2% | 85.5% | 86.1% |
| <b>Average Duration of Training for Employees</b> | Hour | 7.90  | 7.03  | 6.22  |
| <b>By Gender</b>                                  |      |       |       |       |
| Female  | Hour | 7.90  | 7.03  | 6.22  |
| Male  | Hour | 7.90  | 7.03  | 6.22  |

**Health and Safety**

| Indicator  | Unit                              | 2023 | 2022 | 2021 |
|--|-----------------------------------|------|------|------|
| Number of major safety accidents and environmental pollution incidents | Number of accidents and incidents | 0    | 0    | 0    |
| Number of emergency drill activities                                   | Times                             | 541  | 488  | 452  |
| Health and safety training coverage                                    | %                                 | 100  | 100  | 100  |

**Suppliers Management**

| Indicator                 | Unit                | 2023 | 2022 | 2021 |
|---------------------------|---------------------|------|------|------|
| Total number of suppliers | Number of suppliers | 270  | 361  | 210  |
| <b>By District</b>        |                     |      |      |      |
| Chinese mainland          | Number of suppliers | 240  | 321  | 150  |
| Overseas                  | Number of suppliers | 2    | 2    | 2    |

**Environmental Protection Administrative Licenses**

Lions King Environmental Energy (Maoming) Co., Ltd.  
Emission Permit Number: 91440981MA52KTFA3N001V  
Issuance Date: September 9, 2022  
Validity Period: September 9, 2022 to September 8, 2027

Shenzhen Lions King Biomass Energy Co., Ltd.  
Emission Permit Number: 914403000711003320001V  
Initial Issuance Date: August 31, 2020  
Initial Validity Period: August 31, 2020 to August 30, 2023  
During the reporting period, the certificate expired and was reapplied for.  
New Issuance Date: August 15, 2023  
New Validity Period: August 15, 2023 to August 14, 2028

Shenzhen Lions King Biomass Energy Co., Ltd.  
Emission Permit Number: 914403000711003320001V  
Issuance Date: September 11, 2023  
Validity Period: September 11, 2023 to September 10, 2028

**Appendix III: Readers' Feedback**

Dear reader:

Thank you for taking time to read Lions King Group's 2023 Sustainability Report. To improve our sustainable development program and this Report, Lions King Group would like to hear your comments and suggestions.

If you have any opinions and suggestions on the report, please use the contact information provided below.

Contact Address: Lions King Technology Park, No. 2, Pingqiao Road, Gaoqiao Community, Pingdi Street, Longgang District, Shenzhen

Phone: 0755-89890997

Your evaluation: (Please put a check mark in the corresponding box)

1.What' s your role for the Group?  
 Customer  Employee  Partner  Government  Media  Others (Please specify)

2.Do you think this report has highlighted the important sustainability information about the Group?  
 Very Good  Good  Average  Poor

3.Do you think the information and indicators contained in this report are clear, accurate and complete?  
 Very Good  Good  Average  Poor

4.Do you think the content layout and style design of this report make it easy for you to read?  
 Very Good  Good  Average  Poor

5.Which part of the report are you most interested in?

6.What other information do you think needs to be reflected in this report?

7.What suggestions do you have for Lions King Group in terms of its sustainability report?



**朗坤集团**  
LIONS KING GROUP

**301305.SZ**

**Shenzhen Lions King Environmental Group Company Limited**

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