

*Benefit the World,
Achieve Success Together*



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2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

XIAMEN XIANGYU CO., LTD.



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Report Preparation Description

The *Environmental, Social and Governance (ESG) Report 2024 of Xiamen Xiangyu Co., Ltd.* is the third annual ESG report released by Xiamen Xiangyu Co., Ltd. This Report aims to truthfully, accurately and completely disclose the efforts and achievements made by the Company in practicing high-quality sustainable development to all stakeholders, including governments, regulatory authorities, shareholders, investors, customers, suppliers, industry, employees, and the public.

Reporting Period and Time Frame

As an annual report, this Report covers the period from January 1, 2024 to December 31, 2024 (Hereinafter referred to as "The Reporting Period"), and in order to enhance the comparability and completeness of this Report, some contents are appropriately extended to previous years.

Report Preparation Basis

- United Nations 2030 Sustainable Development Goals (SDGs)
- *Sustainability Reporting Standards* issued by Global Sustainability Standards Board (GRI Standards).
- *Guidelines No.14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* issued by the Shanghai Stock Exchange (Hereinafter referred to as "The Exchange Guideline")
- *Guidance No.4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies– Sustainability Report Preparation* issued by the Shanghai Stock Exchange (Hereinafter referred to as "Exchange Guidance")
- *Guidelines for Sustainability Report of Listed Companies* issued by the China Association for Public Companies
- *Guidelines for Sustainability Report of Chinese Enterprises* issued by Chinese Academy of Social Sciences (CASS-ESG 6.0)

Data Description

The financial data in this Report are all denominated in CNY.

Reliability Assurance

The Company and all members of the Board of Directors warrant that the information disclosed herein is true, complete and accurate, without any false records, misleading statements or substantial omissions.

Report Access

For the purpose of low carbon and environmental protection, we will issue this Report in electronic form. To access this Report, you may read the electronic version on our website (www.xiangyu.cn/index.aspx) or www.cninfo.com.cn. This Report is provided in both Chinese and English versions for the readers. In case of any ambiguity or inconsistency due to language reasons between the two versions, the Chinese version shall prevail.

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Reporting Subject

The disclosure scope of this Report covers Xiamen Xiangyu and its subordinate companies. For the convenience of expression and reading, the subordinate companies mentioned in this Report are referred to by abbreviations, and the specific references are as follows:

| Abbreviation | Full Name |
|---|---|
| Xiamen Xiangyu, Xiangyu, Company, the Company, We | Xiamen Xiangyu Co., Ltd. |
| Xiangyu Group | Xiamen Xiangyu Group Corporation |
| Xiangyu Agricultural Products | Heilongjiang Xiangyu Agricultural Products Corporation |
| Suihua Xiangyu | Suihua Xiangyu Cereals and Oil Technologies Co., Ltd. |
| Xiangyu SOE | Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. |
| Xiangming Oils | Rizhao Xiangming Oils Co., Ltd. |
| Xiangdao Logistics | Xiangdao Logistics Group Co., Ltd. |
| Xiangyu Logistics Group | Xiamen Xiangyu Logistics Group Co., Ltd. |
| Shaanxi Xiangdao | Shaanxi Xiangdao Logistics Co., Ltd. |
| Xiangyu New Energy | Xiamen Xiangyu New Energy Co., Ltd. |
| Zhuoyu Supply Chain | Xiamen Zhuoyu Supply Chain Management Co., Ltd. |
| Xiangyu Singamas | Xiamen Xiangyu Singamas Container Co., Ltd. |
| Xiangyu Aluwin | Xiamen Xiangyu Aluwin Co., Ltd. |
| Chengdu Xiangdao | Chengdu Qingbaijiang Xiangdao Logistics Co., Ltd. |
| Chengda Products | Chengda Products (Xiamen) Co., Ltd. |
| Fujian Xingda | Fujian Xingda Import & Export Trading Co., Ltd. |
| Taiping Logistics | Xiamen Xiangyu Taiping Comprehensive Logistics Co., Ltd. |
| Xiangyu Products | Xiamen Xiangyu Products Co., Ltd. |
| Xiangyu Resources | Xiamen Xiangyu Resources Co., Ltd. |
| Xiangyu Elink | Xiamen Xiangyu Elink Multitrans Co., Ltd. |
| Xiangyu Smart Technology | Xiamen Xiangyu Smart Technology Co., Ltd. |
| Beijing Xiangyu Digital Technology | Beijing Xiangyu Digital Technology Industry Co., Ltd. |
| Xiangyu Superchain | Xiamen Xiangyu Superchain Supply Chain Development Co., Ltd. |
| Xiangyu Zhengfeng | Tangshan Xiangyu Zhengfeng International Logistics Co., Ltd. |
| Liangshan Xiangyu | Liangshan Xiangyu Supply Chain Co., Ltd. |
| Yi'an Agricultural Products | Yi'an County Pengyu Trading and Logistics Co., Ltd. |
| Xiamen Singamas | Xiamen Xiangyu Singamas Container Co., Ltd. |

Message from the Chairman



Dear investors, partners, employees and friends from all walks of life.

Hello, everyone.

In 2024, the complex situation of the world evolved further, and the global economic trade order accelerated its reconstruction. In this year filled with challenges and opportunities, Xiamen Xiangyu anchored its high-quality development direction with strategic determination, and drove its transformation and upgrading with innovative momentum. Moreover, we consolidated basic business operations via adhering to the right path and innovation, and forged core competitiveness through improving efficiency and enhancing quality, achieving the steady improvement of the development quality.

In 2024, adhering to the principle of long-termism, we regarded ESG as the strategic support for corporate transformation and upgrading, and we integrated outstanding environmental performance, profound social value, and sound governance systems into our business practices from all aspects, so we promoted sustainable development with a higher perspective and more practical measures, moving towards the goal of becoming a world-class supply chain service enterprise.

Green is used as a brush to paint a new picture of sustainable development. We actively responded to the national "Carbon Peaking and Carbon Neutrality" strategy, integrating the concept of green development into all links of the industrial chain, so that the "green content" of supply chain was converted into the "gold content" of development. Through establishing an environmental protection facility system, promoting the application of clean technologies, and optimizing the green logistics network, we have systematically reduced carbon emissions in the operational process, making green development a remarkable feature of the enterprise. Furthermore, relying on the deep integration between digital technology and industrial scenarios, we launched supply chain service platforms such as "Yu Lian Tong" and "Smart Transportation", creating a new model of green and efficient services to reshape the supply chain ecosystem with new quality productivity.

Responsibility is used as the ink to write the answer to the era of mutual benefit and win-win. We built a development community where employees and the enterprise could grow together, and created a comprehensive customer-focused service system, exploring the optimal solution between economic benefits and public value. On the way to fulfilling responsibilities and obligations, we not only focused on the present to refine safety, environmental protection, and occupational health systems, empowering employees to realize their self-worth via systematic training and multi-dimensional incentive mechanisms; but also we had a long-term perspective, such as contributing to rural revitalization via precise assistance and conveying warmth via environmental public welfare, so that the mission and responsibility of the state-owned enterprise was transformed into a solid force for social progress.

Governance is used as the foundation to build a steady and sustainable corporate model. Supported by the modern corporate governance system, we built a scientific and standardized decision-making mechanism, and constantly improved the management structure and allocation of rights and responsibilities. Through optimizing the ESG governance structure, enhancing risk control and commercial ethics supervision, and improving the quality of information disclosure, we constantly consolidated the development foundation to create long-term sustainable value for stakeholders.

Looking back on 2024, our exploration and practice in various ESG fields were recognized by a wide range of stakeholders. These achievements would not have been possible without the support and trust of every investor, partner, employee, and friend from all walks of life. Looking forward, Xiamen Xiangyu will continue to uphold the mission of "Benefit the World, Achieve Success Together", and stand at the forefront tide of global supply chain reconstruction, integrating global resources with an open and inclusive attitude, forging supply chain resilience with innovation-driven posture, reshaping the industrial chain ecosystem with the concept of green and sustainable development, and taking professionalism and responsibility as a tool, so that we will realize greater achievements in the new journey of building a modern industrial system, further writing a new chapter of high-quality corporate development.

Chairman of Xiamen Xiangyu Co., Ltd.: Wu Jie

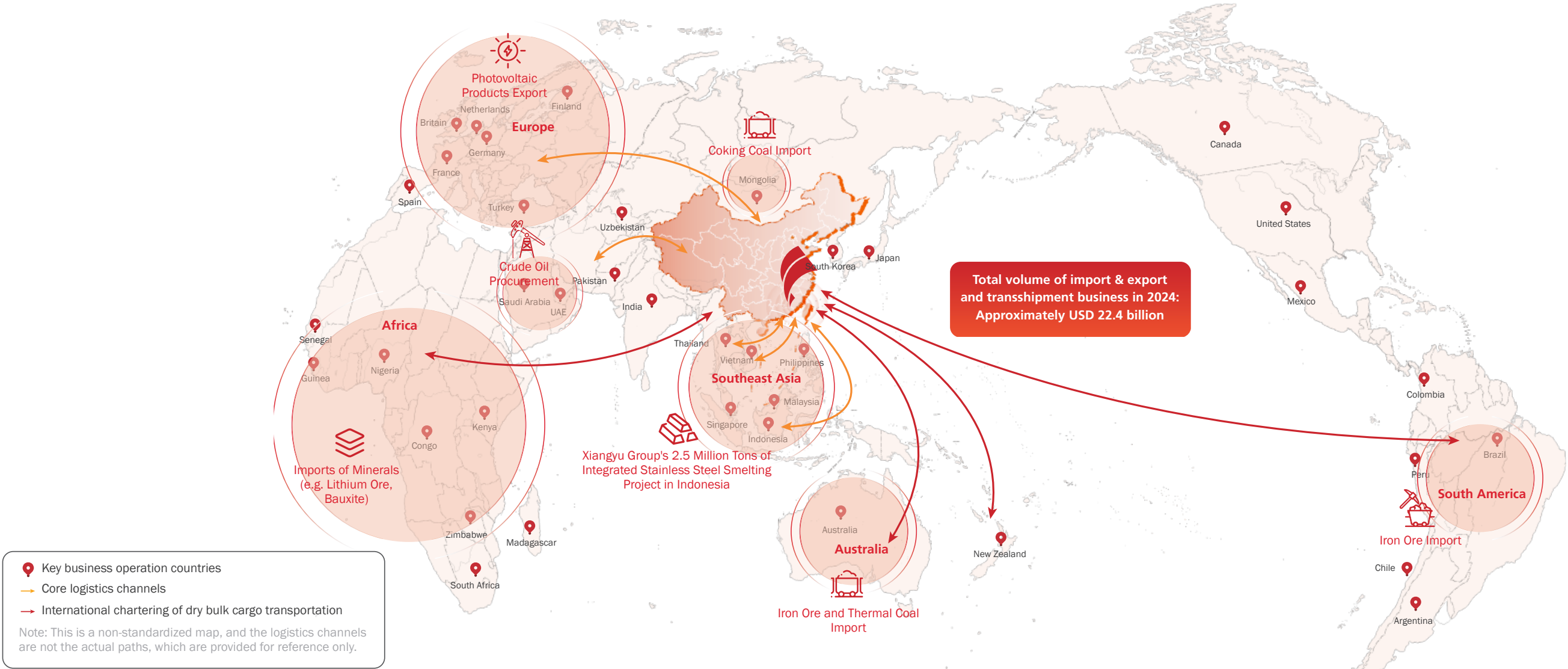
About Xiamen Xiangyu

Company Profile

Holding the corporate vision of "becoming a world-class supply chain service enterprise" and taking the mission of serving the national strategy and regional economic development, Xiamen Xiangyu adheres to the strategic idea of "based on the supply chain, serving the industrial chain, and creating the value chain", and we rely on the "Xiangyu Comprehensive Service Platform of Digital Smart Supply Chain" to quickly respond to customer needs. Moreover, we integrate global high-quality resources to provide a diversified service portfolio, and customize and output integrated supply chain solutions in order to strive to build a safe, stable, smooth and efficient industrial chain and supply chain system, creating a mutually beneficial and win-win value ecosystem. At present, the Company has formed staple commodity supply chain service systems for agricultural products, energy & chemicals, metal minerals and new energy, and the market share of our core advantageous varieties ranks among the top in the industry. In addition, Xiamen Xiangyu's cooperative merchants operate in over 110 countries, and our investment enterprises cover the main provincial regions in China, based on which we further link to Europe and Asia and reach America and Africa to serve as a hub for cross-border cooperation and a bridge for international exchanges, contributing to building an open economic system which is mutually beneficial, diversified, balanced, safe and efficient.

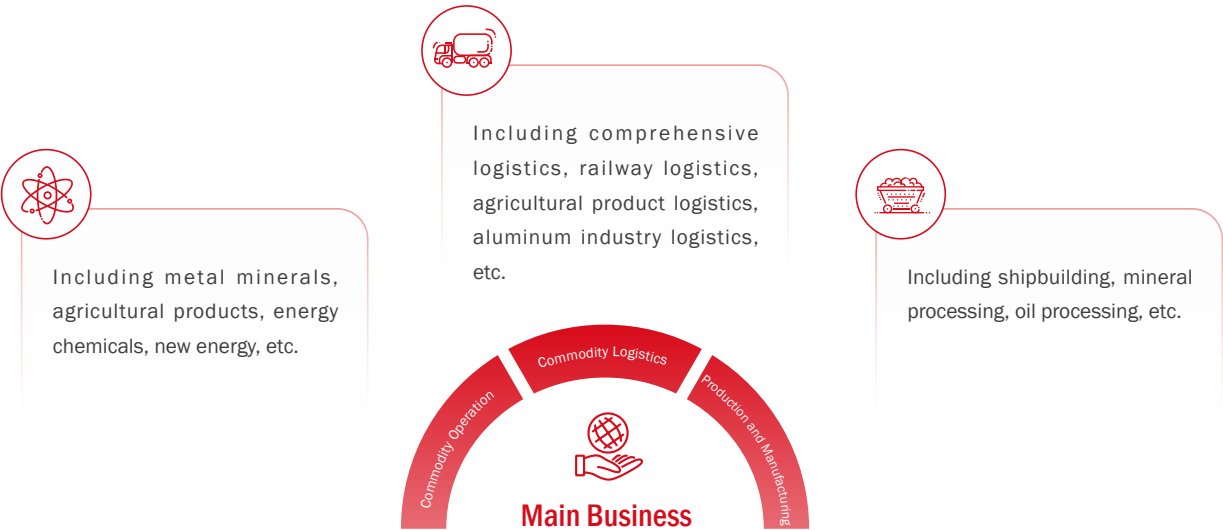
Business Coverage Area

The Company takes the countries and regions along the Belt and Road Initiative as the strategic layout direction, actively expands the international market, and has established extensive business connections with over 110 countries. Moreover, we focus on linking high-quality overseas procurement & sales channels, and deeply exploring the overseas supply chain demands of large Chinese enterprises. In order to further serve global customers, the Company has set up overseas operating entities in Singapore, Vietnam, Indonesia, and South Africa as "service stations" for overseas business, empowering our international business network and providing customers with convenient and efficient local services. During the reporting period, the Company achieved a total import & export and transshipment business in the amount of approximately USD 22.4 billion, among which the total amount of import & export was approximately USD 14.4 billion. The cooperation amount with "BRICS" countries, "Belt and Road" and the countries along thereof, South America and African countries was increased by more than 50% year-on-year, and the export amount was increased by more than 60% year-on-year.

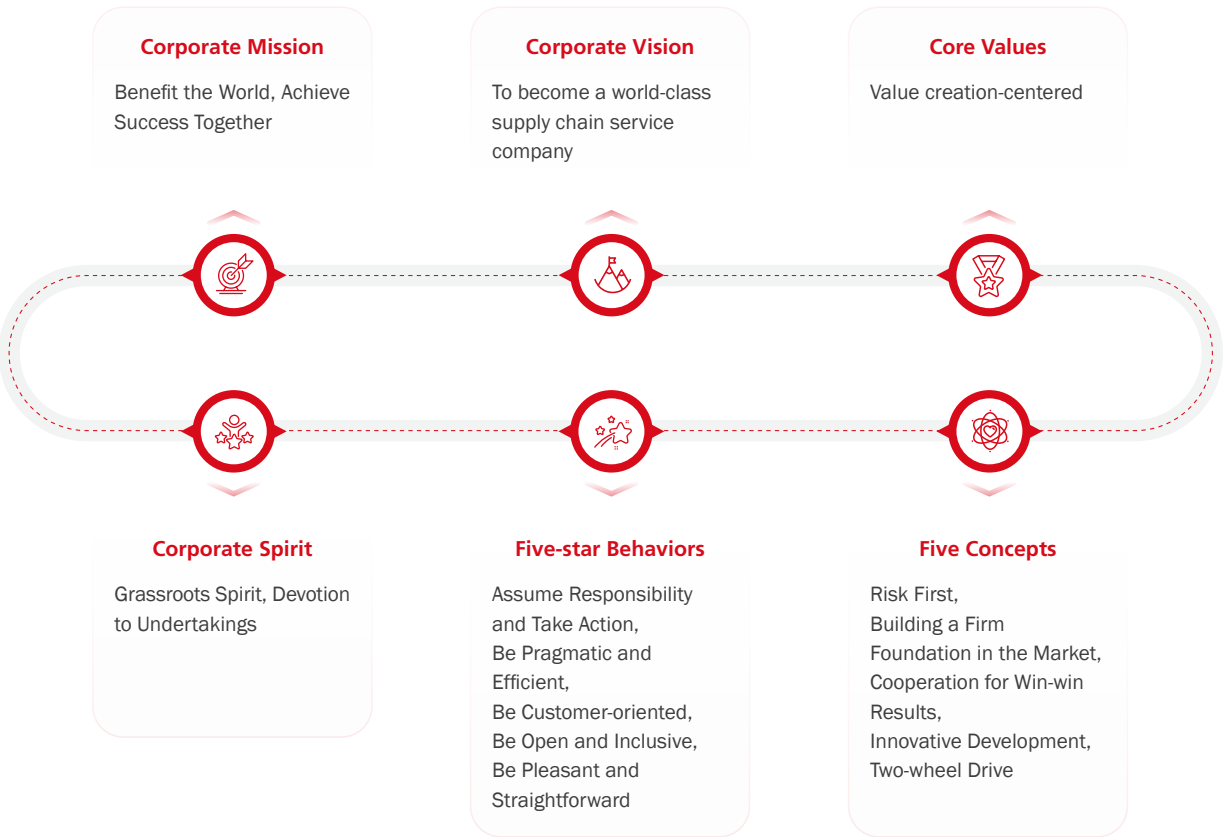


Main Business

The Company is committed to becoming a world-class supply chain service enterprise, and focuses on providing one-stop supply chain solutions for manufacturing enterprises. Our core services include staple raw and auxiliary material procurement and supply, finished product distribution, logistics delivery, supply chain finance, and information consultation, and we conduct constant self-innovation to ensure the stability and efficient operation of the supply chain, driving the industry towards a more efficient and sustainable development direction and growing and creating value together with customers.



Corporate Culture



Important Honors



ESG Management

Holding the corporate vision of "becoming a world-class supply chain service enterprise", Xiamen Xiangyu actively responds to the 17 UN Sustainable Development Goals (SDGs), focusing on environmental friendliness, social responsibility and improvement of governance efficiency to fully safeguard the rights and interests of stakeholders, and we share our direction and achievements in achieving the sustainable development goals via regular information disclosure to stakeholders.

ESG Governance Structure

Xiamen Xiangyu has established a sound ESG management structure. The Board of Directors authorizes the Strategy and Sustainable Development Committee to supervise and make decisions on our ESG affairs, and the ESG Executive Committee composed of corporate senior management members manages ESG affairs, while each relevant functional department designates an ESG specialist as the basic unit for ESG implementation, effectively promoting ESG integration into the corporate daily operational activities.

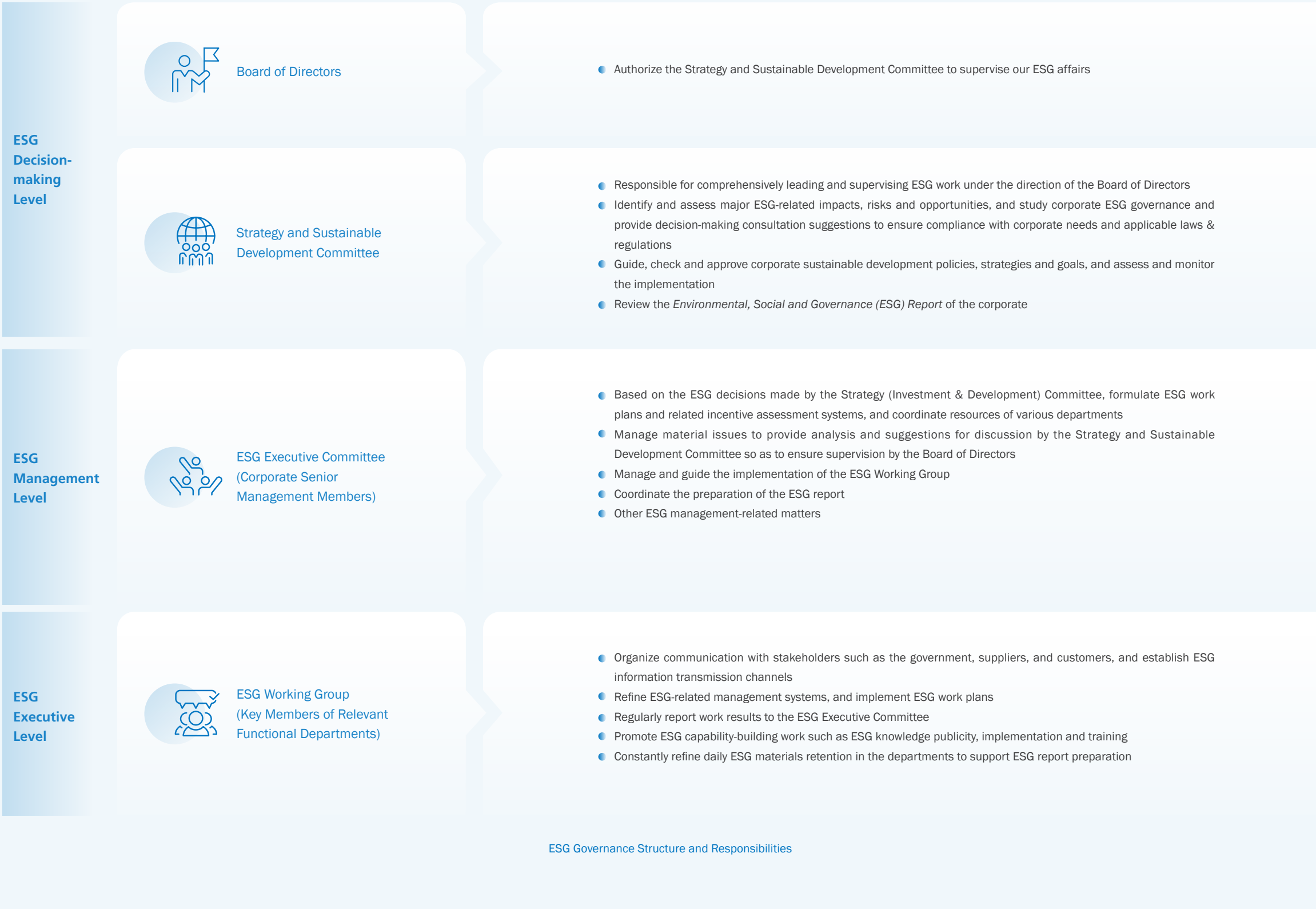
ESG Honors



The Company won the 2024 "Shanghai Stock Exchange • Gold Quality • ESG Award"



The Company won the "Best ESG Rookie Award"



Stakeholder Communication

Xiamen Xiangyu attaches great importance to communication and exchange with internal and external corporate stakeholders. We conduct dialogues with stakeholders via various channels to deeply understand their demands and expectations, and we strive to gain the trust and support of all parties to promote constant improvement of sustainable management work.

| Key Stakeholders | Expectations and Demands | Our Response |
|------------------|---|--|
| Investors | <ul style="list-style-type: none">• Business expansion• Economic returns• Standardized governance• Sustainable development | <ul style="list-style-type: none">• Market expansion to achieve business growth• Robust operations to ensure continuous profitability and dividends• High-standard governance to ensure true, accurate and complete information disclosure• Balanced development to contribute to social well-being |
| Customers | <ul style="list-style-type: none">• Stable supply sources• Sales expansion | <ul style="list-style-type: none">• Ensure the continuity and reliability of the supply chain• Explore diversified markets and enhance distribution capabilities |
| Employees | <ul style="list-style-type: none">• Rights and interests safeguard• Occupational health and safety• Training and promotion• Remuneration and welfare | <ul style="list-style-type: none">• Safeguard employees' legal rights and interests• Create a safe and healthy work environment• Provide a continuous learning and career growth platform• Ensure fair remuneration and comprehensive welfare |
| Suppliers | <ul style="list-style-type: none">• Honest performance• Open, fair, and impartial procurement | <ul style="list-style-type: none">• Adhere to the contract spirit and fulfill contracts legally• Transparent procurement and standardized bidding & procurement system |

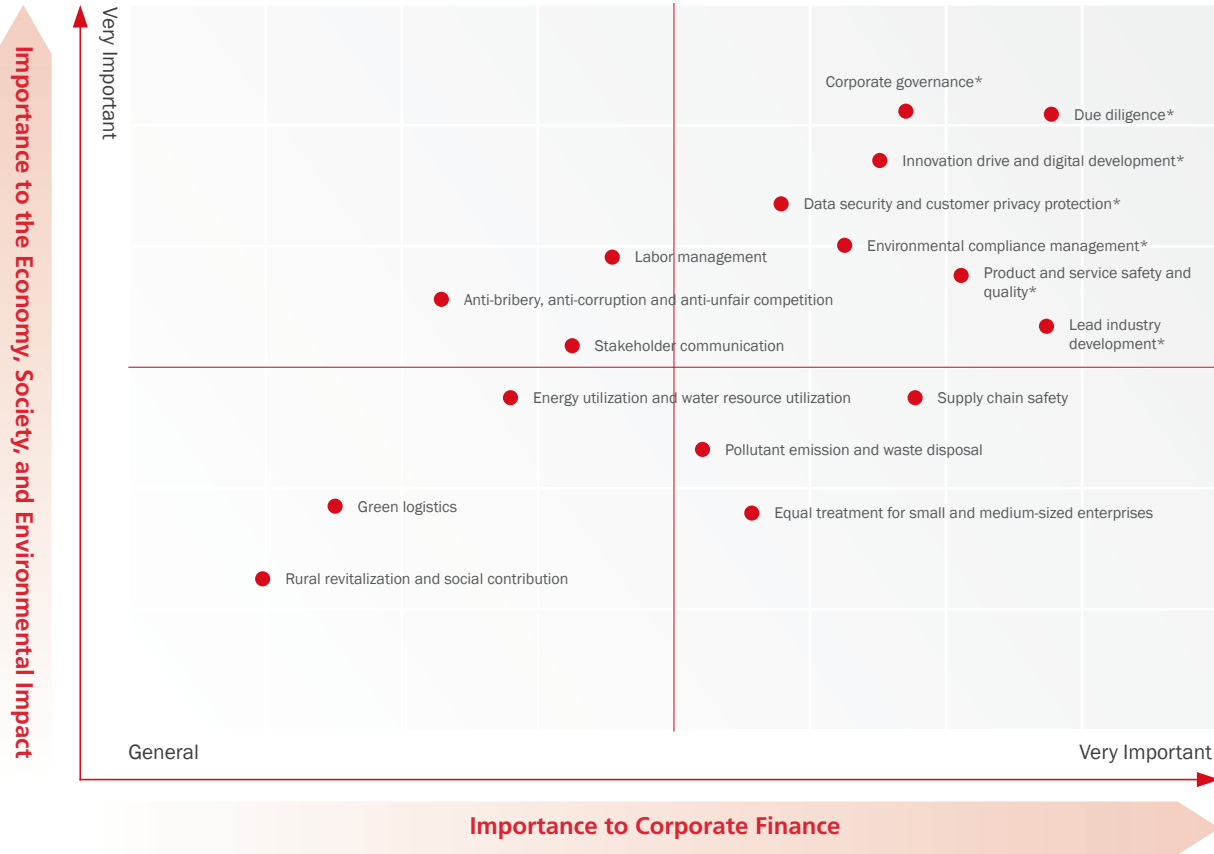
| Key Stakeholders | Expectations and Demands | Our Response |
|--|---|---|
| Government and Regulatory Authorities | <ul style="list-style-type: none">• Compliant operations• Pay taxes according to law• Abide by commercial ethics• Drive economic development• Create jobs | <ul style="list-style-type: none">• Adhere to regulations and strictly follow industry best practices• Contribute to society and actively fulfill legal tax obligations• Moral leadership to adhere to high-standard commercial ethics• Self-motivation to drive regional economic vitality• Create jobs to assist local employment |
| Partners | <ul style="list-style-type: none">• Honest performance• Commercial ethics and transparency | <ul style="list-style-type: none">• Adhere to the contract spirit and fulfill contracts legally• Advocate moral norms to commit to information transparency |
| Community | <ul style="list-style-type: none">• Community development• Environmental protection• Contribute to society | <ul style="list-style-type: none">• Actively participate in the community to promote local prosperity• Advocate green action to protect the Earth's future• Contribute corporate strength to achieve social common prosperity |
| Public and Media | <ul style="list-style-type: none">• Disclose corporate business progress• Undertake environmental and social responsibilities | <ul style="list-style-type: none">• Transparent communication to timely share business progress• Actively take responsibilities to achieve synergy between environmental protection and social development |

Analysis of Material Issues

To fully understand the key concerns of stakeholders and further integrate their demands and expectations into our own sustainable development management practices, the Company implements the principle of stakeholder participation to regularly conduct the identification and analysis of material issues. During the reporting period, the Company, according to the *Exchanger Guideline*, optimized and adjusted the identified material issues from the previous year, and we comprehensively formed this year's dual importance issue matrix from two dimensions: "importance to corporate finance" and "importance to the economy, society, and environmental impact".



Analysis Process for the Material Issues



Dual Importance Matrix



Note: The starred (*) issues are of dual importance.

Special Focus

"Chain " Connecting the World to Serve the Needs of the Country

Concept

Xiamen Xiangyu has always been committed to serving the national strategy to fulfill our corporate responsibilities, and we consolidate the safety foundation of the industrial and supply chains to ensure their smooth operation. Moreover, we rely on the multimodal transport system to enhance the efficiency of resource circulation and energy utilization, and we provide precise services to empower the growth of small and medium-sized enterprises. Meanwhile, we deepen international cooperation under the Belt and Road Initiative to promote cross-border resource exchange and regional coordinated development, contributing core power to the smooth domestic and international dual circulations and promoting high-quality economic development.

Our Actions

- Ensure the Smooth Industrial and Supply Chains
- Develop Multimodal Transportation
- Help Small and Medium-sized Enterprises
- Co-build the Belt and Road



Ensure the Smooth Industrial and Supply Chains

Xiamen Xiangyu relies on its global resource integration capabilities and efficient logistics service system to fully ensure the stable supply of materials in key sectors such as metal minerals, agricultural products, energy, chemicals and new energy, and we optimize the industrial chain collaboration and strengthen resource allocation to provide solid support for the safety and stability of the industrial chain and supply chain as well as the sustainable development of the economy.

Aluminum Industry Chain Services

Xiangyu Aluwin has deeply developed the aluminum industry chain constantly, promoting internationalization layout and the integration of material trade and industrial trade, and it mainly explores the markets for recycled aluminum resources in South Korea and the Middle East as well as recycled aluminum and transshipment aluminum ingots in Southeast Asia. Relying on the Xiangyu aluminum industry factory, Xiangyu Aluwin has built an internal new scrap aluminum self-circulation system to integrate the advantages of overseas scrap aluminum procurement, and it supplies low-carbon aluminum products to downstream customers via incoming material processing cooperation, achieving efficient recycling of scrap aluminum resources. In 2024, it won the AEO (Authorized Economic Operator) certificate issued by Xiamen Customs.

Deeply develop the aluminum industry chain constantly

Focus on core products and mainstream manufacturing enterprises in the industry to deepen the "raw materials - finished products" integrated supply chain cooperation of aluminum industrial chain, and expand direct supply channels of oversea bauxite and petroleum coke refinery and the transshipment market for aluminum ingots to build a recycled aluminum circulation system of "overseas scrap aluminum recycling - overseas recycled aluminum smelting - processing of materials supplied by Chinese factories - finished products re-export", enhancing the global supply chain service capabilities.

Promote the integration of aluminum industry logistics resources

Relying on the logistics and trade resources in the system, expand pure logistics services focusing on core aluminum plants, develop cooperation opportunities for customers in aluminum industry cluster to incubate the aluminum alliance logistics company, and integrate internal and external resources to form specialized aluminum industrial logistics capabilities, supporting the efficient operation of the industrial chain.

Cereal Industry Chain Services

Starting from establishing a specialized planting service platform and constructing a cereal logistics transportation system, Xiangyu Agricultural Products has established a "planting, harvesting, storage, transportation, sales, and processing" full-chain supply system for cereals, forming a service layout integrating seed & fertilizer supply, agricultural planting, cereal harvesting & storage, logistics transportation, raw cereal supply, cereal processing, and agricultural finance. Xiangyu Agricultural Products has also created the "Xiangyu Speed" of "project approval, construction, production, and effectiveness realization in the same year", making significant contributions to achieving "national increase in production and farmers' income growth", and it has become a reliable force for ensuring national cereal security and driving regional economic development.

Collaborative planting to produce high-quality cereals

At the planting end, the Company collaborates with production factor suppliers to provide farmers with seeds, pesticides, fertilizers, and technologies, avoiding problems such as asymmetric market information and backward technology equipment, which may lead to difficulties in meeting market expectations regarding planting varieties and quality. Additionally, the Company vigorously promotes the "order planting" business, and signs order contracts with small-scale operators of agricultural production, locking in cereal sources in advance to reduce the risk of cereal supply.

- Help farmers reduce fluctuations in planting income and promptly obtain the latest market information.
- Help production factor suppliers shorten the middle channels and links, reducing the credit risks in dealing with farmers.

Ensure purchase of high-quality cereals at a high price

At the purchasing end, the Company collaborates with the government, Dalian Commodity Exchange, and insurance companies to establish a system of "ensuring purchase of high-quality cereals at a high price" to reduce potential risks from natural disasters, ensuring both farmers' income and corporate cereal purchase quantity.

- Attach great importance to protecting the interests of farmers. Adopt an efficient and automated purchasing model, adhering to the principles of "fairness, justice, and openness" to strictly prohibit behaviors such as taking bribes, accepting gifts, being arbitrary, and demanding, and provide three meals, drinking water, and rest areas for farmers during the purchasing period to maintain close contact with farmers.
- Reach consensus with local governments of Fujin, Bei'an and Suihua where the projects are located, and conduct targeted investment promotion along the industrial chain, enabling manufacturers with synergistic effects to form an organic industrial entity via the park model.

Integrated warehousing and transportation for precise distribution

At the sales end, based on the raw cereal sales markets in South China, East China, and Southwest China, the Company further expands sales markets in North China regions such as Henan and Shandong. In 2024, the Company's raw cereal sales exceeded 9 million tons, establishing a reasonable and well-structured sales network covering both the north and the south. The Company has established seven modern cereal storage and logistics centers in major cereal-producing areas in Heilongjiang Province, including Fujin, Bei'an, Yi'an, Suihua, Wudalianchi, Nenjiang, and Nehe. It has built a total storage capacity of 13 million tons at the cereal source base established in Heilongjiang, contributing to the high-quality development of the cereal industry and the consolidation of the national food security defense line.

In terms of logistics, the Company has constructed a cereal logistics transportation system, establishing a "transporting cereal from the north to the south" intermodal transportation channel integrating land, railway and sea, constantly deepening "logistics and trade linkage". The Company stores over 4 million tons of national reserve cereals annually, reaching up to 15 million tons at peak periods, covering multiple varieties such as corn and rice, and it has smoothly passed all national reserve cereal inspections at a higher standard, ensuring that national cereals can be transported and used as needed.



New Energy Industry Chain Services



Focusing on the lithium battery (energy storage), photovoltaic and wind power new energy industries, Xiangyu New Energy concentrates on the supply chain and comprehensive energy management in the new energy field, and it connects major domestic and overseas mining companies, smelters, midstream processing plants, and downstream end customers in the industry, providing a full-process comprehensive service solution of supply chain. It further deeply integrates the industrial chain, supply chain and value chain, and it is committed to becoming a world-class comprehensive operator of the new energy supply chain.

Develop Multimodal Transportation

Xiamen Xiangyu actively responds to the national call for "road-to-railway, bulk-to-container, and land-to-water", and integrates the "Logistics Ground Network" and "Digital Intelligence Sky Network" to create a multimodal transportation model with corporate characteristics of "logistics leadership + intelligent empowerment + high-level collaboration", which optimizes resource allocation and constructs green logistics channels, forming a 3D transportation network covering major economic regions around the world.

| | |
|----------------------|--|
| Road | <ul style="list-style-type: none">Approximately 1,000 self-owned transportation vehicles, with a cumulative integration of over 160,000 social vehicles, achieving a transportation volume of over 23 million tons in the reporting period. |
| Railway | <ul style="list-style-type: none">12 railway freight yards/stations (10 self-owned and 2 entrusted), covering staple commodity distribution hubs in the central and western regions, with 87 dedicated lines of railway, approximately 3,800,000 m² container yards and warehouses, and over 30,000 self-owned containers, with an annual transportation capacity of over 57 million tons. |
| Water transportation | <ul style="list-style-type: none">3 domestic self-owned dual-purpose shipping vessels, with a cumulative integration of approximately 3,000 social shipping vessels, forming a combined "self-owned + cooperative" water transportation capacity configuration. 2 overseas self-owned shipping vessels, and continuous integration of international distribution shipping vessel resources, creating international dry bulk cargo marine transportation and international container marine transportation logistics capabilities. |
| Warehousing | <ul style="list-style-type: none">Domestic establishment of 5 major cereal purchase platforms, with self-owned and cooperative storage capacity of approximately 12 million tons, equipped with 20 dedicated lines of railway; operation of 69 self-owned and leased management warehouses, with an area of over 1,600,000 m²; 8 storage yards, with an area of over 500,000 m²; obtained 20 futures delivery qualification licenses, with a storage capacity of approximately 1 million tons; overseas storage nodes are normally maintained at 50, and forward-looking strategic layouts of over 150 are in place. |

The Multimodal Transportation Logistics System of "Road, Railway, Water, and Warehouse"

According to data from the United States Geological Survey (USGS), in 2024, China's lithium reserves only accounted for 6% of the global reserves, but the production of power batteries was 70% of the global production, so the dependence on lithium resource import was high, and domestic lithium carbonate smelters generally faced raw material shortages. In 2024, the Company introduced overseas high-quality lithium mines (with an operating volume of over 500,000 tons and a market share of 8%) to ensure the supply of raw materials for domestic smelters, and operated lithium carbonate over 45,000 tons (with a market share of approximately 5%) to effectively ensure the production of material factories and battery factories, contributing to the stable operation of new energy industry chain.

In the logistics of the photovoltaic industry, there are problems such as unstable transportation routes, high value of goods, unstable quantity of goods, difficulty in matching transportation resources across regions, and lagging tracking. The Company relies on the Xiangyu Smart Transportation Network Freight Platform to integrate and match supply and vehicle sources, and optimize rail-water intermodal transportation and warehousing logistics services, solving the problem of mismatch between transportation capacity and demand. We also improve delivery timeliness via full-process visual tracking to ensure the progress of customer engineering construction. As of the end of the reporting period, the Company has served leading new energy enterprises such as China Energy Engineering Corporation Limited, China Power Construction Corporation, and Longi, and has been awarded the Grade A supplier logistics performance of Longi many times.

During the process of developing the multimodal logistics system, the Company has achieved a breakthrough in the transportation structure of "railway-water intermodal, short-distance transportation of road", providing customers with high-quality, full-process, and customized logistics solutions for staple commodities, and has also successfully created several green, low-carbon, and efficient premium lines such as "inter-provincial circulation of aluminum product", "transporting cereals from north to south", "transporting coal from west to east", and "transporting coal from north to south", significantly reducing the comprehensive energy consumption and pollutant emissions in the logistics link.

| Line Name | Channel Construction | Measures for Pollution Reduction and Energy Conservation |
|--|--|--|
| Major channel for "Inter-Provincial Circulation of Aluminum Product" | Relying on its own aluminum supply chain operating volume advantages, the Company has established "Xinjiang - Henan", "Shandong - Inner Mongolia" and other major channels for the circulation of alumina and electrolytic aluminum. | Relying on the railway node advantages of Xiangdao Logistics, the Company has completed the transportation structure adjustments of "road-to-railway" and "bulk-to-container", and the transportation by large trucks has been replaced with railway container shipments, achieving the quality improvement and efficiency enhancement of aluminum product transportation as well as energy conservation and emission reduction. |
| Channel for "Transporting Cereals from North to South" | Actively arranging and connecting key logistics nodes such as northern production areas, port clusters, and southern sales areas, the Company has constructed the major channel for "Transporting Cereals from North to South", creating a corporate specific multimodal transportation system of road, railway, water and warehouse. | Compared with railway and road transportation, water transportation has lower energy consumption and pollutant emissions. The transportation mode of being "dominated by railway and water transportation, supplemented by road transportation", the proportion of road transportation distance has been reduced to less than 10% of the total distance, which lowers transportation costs and energy consumption, achieving cost reduction and efficiency enhancement in cereal transportation. |
| Channels for "Transporting Coal from West to East" and "Transporting Coal from North to South" | Relying on Xiangdao Logistics node layout in the central and western regions, the Company transports western coal from Shanxi, Shaanxi, and Inner Mongolia to regions such as Yunnan, Guizhou, Sichuan, Shandong, Hunan, and Jiangxi via railways, establishing major transportation channels such as "Transporting Coal from North to South" and "Transporting Coal from West to East". | The energy consumption and pollutant emissions of railway transportation are only 15% and 8% of those in road transportation, respectively. The Company transports coal in a "road-to-railway" manner and sprays dust suppressant on the surface of the coal to form a protective film before the train departs, controlling dust dispersion and dust pollution. |

Help Small and Medium-sized Enterprises

Xiamen Xiangyu has always been committed to empowering the development of small and medium-sized enterprises. We have innovated the digital technologies and financial services of supply chain to construct an efficient and transparent trust bridge between small & medium-sized enterprises and financial institutions, which helps these enterprises revitalize their assets and accelerate turnover, injecting powerful momentum into their high-quality development.

"Yu Lian Tong" Digital Supply Chain Service Platform

The Company relies on technologies such as block chain, Internet of Things, big data, and artificial intelligence to create a digital warehouse and in-transit tracking system, and to construct a digital supply chain service product matrix called "Yu Lian Tong", which enables corporate inventory for sale to become effective collateral for financing loans that are "visible, controllable, and marketable", thereby building a "datamation" trust bridge between customers and financial institutions and efficiently solving the financing difficulties of small and medium-sized enterprises. Compared to other non-bank financing channels, it can reduce financing costs for small and medium-sized enterprise customers by 10% to 40%, and it can empower the risk control management of the banks via capabilities such as "controlling goods, understanding industries, traceability, and marketability". Meanwhile, "Yu Lian Tong" can achieve full-process online operations. Enterprises can initiate financing requests with a single click, and complete the full process from collateral initiation to bank loan disbursement within 5 to 10 minutes, thereby expanding financing channels for the industrial sector, improving financing efficiency, and reducing financing costs.



"Yu Lian Tong" Digital Supply Chain Service Platform

"Yu Lian Tong" has a rich product matrix and is capable of conducting diverse collateral financing businesses. Moreover, it comprehensively considers the corporate financing demand and bank load disbursement requirements to design flexible and customized financing solution, achieving on-demand financing, immediate borrowing and repayment, and maximization of financing benefits, and it has achieved cooperation with over ten financial institutions. As of the end of 2024, "Yu Lian Tong" has cumulatively obtained special credit lines of CNY 13.7 billion and assisted customers in completing approximately CNY 7.4 billion in financing.

Yu Cang Rong

Customers apply for financing loan disbursement from financial institutions based on the goods stored in corporate warehouse.

Yu Cai Rong

Customers apply for collateral financing from banks based on the purchase orders signed in their trade with the Company.

Yu Cai Rong

Customers apply for collateral financing from banks based on the in-transit spot goods transported by the Company.

Yu Cai Rong

Customers apply for financing from banks based on the transaction data with the Company.

"Yu Lian Tong" Product Matrix

In terms of social benefits:

- Responding to national policies, it collaborates with financial institutions to create financial products of digital supply chain, reducing the difficulties of financing for small and medium-sized enterprises, including difficulties in obtaining financing, paying high interest rates, and experiencing slow financing processes. It empowers industries and provides excellent support for the development of industrial clusters.

In terms of economic benefits:

- While solving the financing difficulties of enterprises at the upstream and downstream of the industrial chain, it also revitalizes the corporate funds occupied by inventory, improving corporate operation efficiency, enhancing corporate market competitiveness, and promoting sustainable development of the corporate.

In terms of ecological benefits:

- The full-process online operation and the interconnection of data with financial institutions enable enterprises at the upstream and downstream of the industrial chain to efficiently complete the process from collateral/financing initiation to the loan disbursement by financial institutions, and the full process is paperless, significantly improving the corporate operation efficiency and achieving green and ecological operation.

Sustainable Contributions of "Yu Lian Tong"

"Yu Lian Tong" was selected as

A Typical Case of Digital Transformation of Trade in Xiamen

A Typical Case of High-quality Development of Modern Circulation Enterprises with Digital, Smart and Green Innovation

Co-build the Belt and Road

In recent years, Xiamen Xiangyu has taken the countries and regions along "Belt and Road" as the strategic layout direction to actively explore the international market, and it has cooperative merchants in over 110 countries. It focuses on linking overseas high-quality procurement and sales channels, and exploring the overseas supply chain demands of large Chinese-funded enterprises, and it facilitates the dual circulation of domestic and international markets via a sound international commodity service network and international logistics capability system.

Build an International Commodity Service Network

In recent years, the Company has constantly advanced the construction of overseas platforms and accelerated internationalization layout. As of now, it has established platform nodes in major intercontinental regions such as North America, Asia, Oceania, and Africa, serving as "service stations" for overseas business development, and leveraging regional synergy.

Indonesia platform

- Relying on abundant coal and nickel ore resources and after deep development of integrated service projects for stainless steel smelting, it directly connects local mine resources for integrated operation of the industrial chain and supply chain.

Vietnam platform

- Combining the industrial transfer in Southeast Asia, it extends overseas downstream in plastic chemical products, aluminum ingots, aluminum rods, black steel, and cassava products, and actively expands logistics resources.

Singapore platform

- Focusing on oil product operations, it actively serves domestic refineries and local ship fueling businesses. Meanwhile, it jointly establishes project subsidiaries to accelerate the establishment of overseas sales networks for new energy products.

China Hong Kong platform

- Leveraging its advantages in finance, taxation, and talent, it helps international trade of corporate constantly develop and introduce high-end international talents.

New Zealand platform

- Investing in over 6,000 hectares of forest land resources, it builds a comprehensive service platform for forest product supply chain.

Central purchasing center in Nigeria, Africa

- Deeply develop the lithium product supply chain operation.

Construct an International Logistics Capability System

The Company has established core logistics transportation channels such as China-Southeast Asia, China-Europe/China-Central Asia international trains, and China-Africa. Meanwhile, it is exploring local logistics businesses such as overseas warehouses and customs clearance in Vietnam, Indonesia, Thailand, and South Africa. In 2024, it expanded overseas logistics suppliers by over 100, constantly enhancing the international logistics capabilities in regions such as Southeast Asia, Africa, and the Eurasian Continental Bridge.

Southeast Asia international logistics channel

- **China-Indonesia channel:** The China-Indonesia logistics channel has a transportation volume of approximately 26 million tons, with a year-on-year growth of over 50%.
- **International dry bulk channel:** Deep development of products such as coal and petroleum coke, with a 70% year-on-year increase in 2024 in maritime business volume.
- **China-Vietnam and China-Thailand channels:** The China-Vietnam and China-Thailand logistics channels have a transportation volume of 36,000 TEUs, with a year-on-year growth of over 20%, and it extends cross-border logistics business around Vietnam and Thailand, expanding the intermodal logistics network.

Asia-Europe international logistics channel

- In 2024, it was approved as the China-Europe Railway Express (Xiamen) platform company qualification, and it deeply developed the domestic and overseas point locations constantly to build a "carrying pole" business around both ends based on the upstream and downstream industrial clusters. In addition, while maintaining the advantages of the entire railway line of international trains, it continued to expand full-channel transportation methods such as sea-rail intermodal transportation and truck-air transportation and also explored new channels such as China-Kyrgyzstan-Uzbekistan and across the Caspian Sea.

Africa international logistics channel

- Based on the three main premium routes in Eastern and Southern Africa, it further consolidates the multi-modal transportation advantage. In 2024, through a "container + bulk ship" combined transportation solution, it provided personalized services for Chinese mining enterprises, offering full-process comprehensive services of supply chain for ore enterprises such as bauxite, lithium concentrate, chromium ore, and copper ore, with an annual logistics service volume of over 3 million tons, effectively ensuring the security and stability of the import supply chain of metal minerals.

Case

The China-Europe Railway Express Helps Xiamen Build an International Supply Chain Hub

In June 2024, Xiangyu Elink (Xiamen Xiangyu's affiliated company) successfully launched its first China-Europe Railway Express (Xiamen) after obtaining the qualification of the railway express operation platform company in Xiamen City. Compared to international shipping, this mode can shorten the transportation time by 10 to 20 days. Xiangyu Elink adopts the model of "rapid custom clearance of railway" to achieve intelligent supervision, one-stop inspection and release, and digital customs clearance, and the custom clearance time can be saved by 24 hours, effectively ensuring the efficient passage of the China-Europe Railway Express at the departure ports. Relying on a railway express network covering more than 20 countries in Europe, Central Asia, and Southeast Asia and the scale advantage of an annual shipment volume of nearly 40,000 TEUs, it integrates multimodal transport resources such as "road, railway, water and warehouse" to provide customized container services and "door-to-door" comprehensive logistics solutions for enterprises along the "Belt and Road", helping Xiamen strengthen its function as an international supply chain node and promoting the efficient circulation of regional goods and factors.

Case

Xiangyu New Energy Helps the Construction of Photovoltaic Power Stations in Pakistan

Xiangyu New Energy has been constantly promoting the export of photovoltaic products to Pakistan, helping the development of local photovoltaic industry. As Pakistan lacks the ability to independently produce photovoltaic modules, imports have become its main source. In response to the call of "go global" strategy, Xiangyu New Energy has provided integrated supply chain solutions for photovoltaic modules, inverters, cables, and circuit breakers to Pakistani customers, assisting in the construction of photovoltaic power stations in Pakistan to meet the local growing energy demands. By introducing advanced Chinese photovoltaic technologies to Pakistan, Xiangyu New Energy has made outstanding contributions to achieving the global "carbon peaking and carbon neutrality" goals and promoting green and low-carbon development.

01

Consolidate Governance to Jointly Build
the Foundation for Development

Concept

Xiamen Xiangyu is committed to establishing and refining corporate governance structure, aiming to enhance internal management and supervision mechanisms to improve the scientificity and transparency of the decision-making process. During the interactions with investors, the Company actively promotes the maintenance and optimization of communication channels, striving to build a mutually trusting and beneficial relationship.

The Company has a zero-tolerance attitude towards corrupt behaviors and resolutely opposes any form of improper conduct.

Our Actions

- Standardized Operations to Achieve Efficient and Steady Governance
- Risk Control Orientation to Securely Adhere to the Compliance Bottom Line
- Honest Business Operation to Adhere to Commercial Ethics



Standardized Operations to Achieve Efficient and Steady Governance

Xiamen Xiangyu has always maintained a high sense of responsibility and mission, dedicated to establishing a scientific, complete, and efficient corporate governance structure. The Company constantly strengthens its internal management and supervision mechanisms to optimize the decision-making process, and enhances the scientificity and transparency of decisions to effectively safeguard the legal rights and interests of shareholders, laying a solid foundation for the Company's long-term stable growth. Meanwhile, the Company actively expands communication channels with investors and constantly optimizes investor relations management, enhancing market trust and confidence.

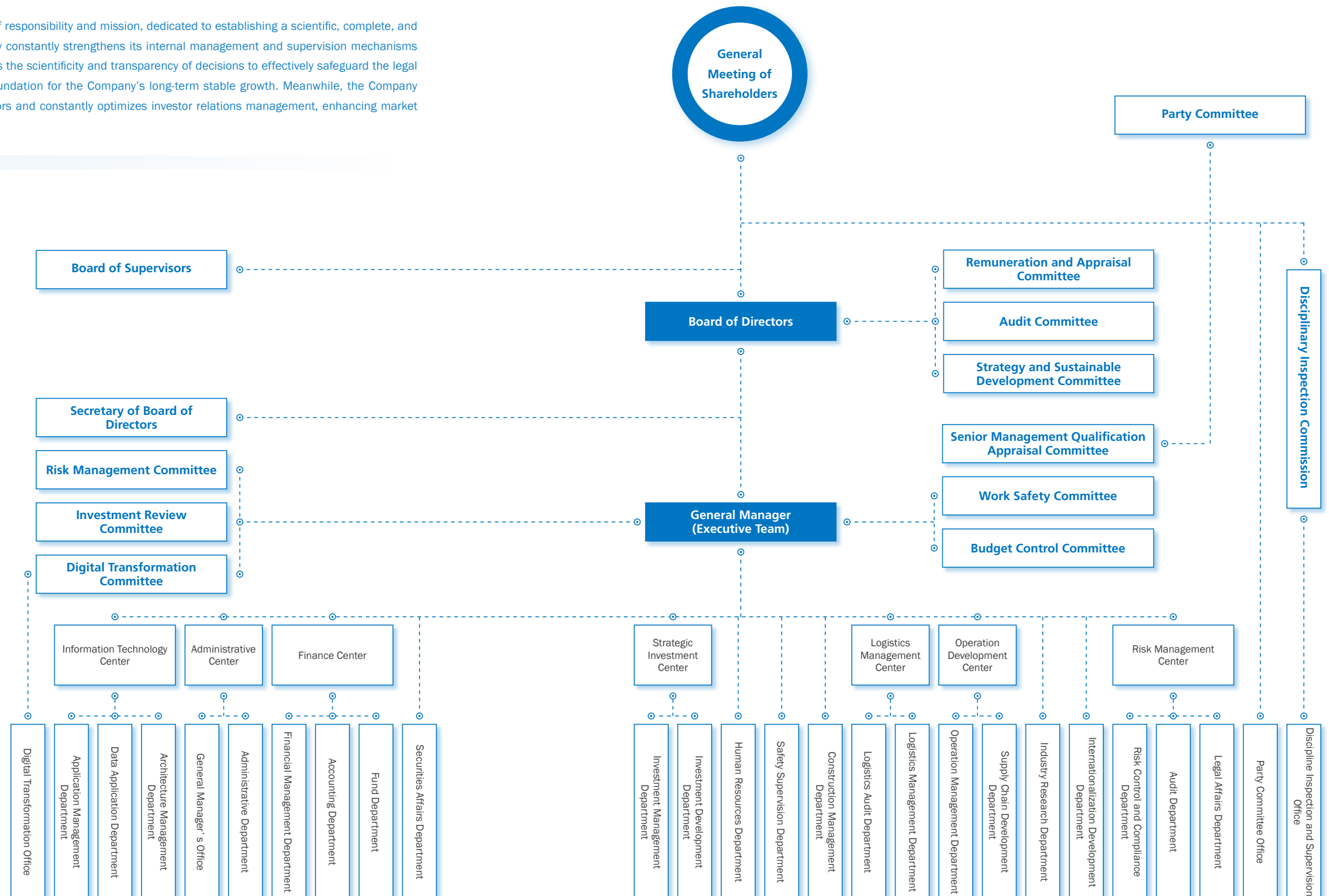
Corporate Governance

Xiamen Xiangyu actively creates a listed company governance system that meets the requirements of modern enterprise systems in strict accordance with the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies* and other applicable laws & regulations. The Company constantly optimizes the governance structure and institutional system, and enhances internal management mechanisms to promote the standardization and refinement of corporate governance, while striving to enhance governance efficiency, ensuring the stable corporate operation.

Operation of the Three Boards

The Company has established a management system with the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the management team as the main body. The Board of Directors has three special committees: the Strategy and Sustainable Development Committee, the Audit Committee, and the Remuneration and Appraisal Committee, aiming to provide scientific and professional advice for the decision-making of the Board of Directors.

The Company has clearly defined the responsibilities and authorities of each level in decision-making, supervision, and execution, forming a sound governance structure, and strictly follows the applicable regulations to ensure the standardization of the operations of the Three Boards, effectively safeguarding the rights and interests of investors and other stakeholders.



Note: The Company renamed the "Board Strategy (Investment and Development) Committee"

to the "Board Strategy and Sustainable Development Committee" in June 2025.

Corporate Organizational Structure



General Meeting of Shareholders

The Company’s controlling shareholders adhere to the code of conduct, and legally exercise the rights of the investor via the General Meeting of Shareholders. They participate in and supervise corporate decision-making by appointing directors and supervisors, and they do not interfere with legal decision-making and specific production & operation activities of the corporate. The Company and the controlling shareholders are independent in terms of personnel, assets, finance, institutions and business, and corporate Board of Directors, Board of Supervisors and internal functional departments operate independently.



Board of Directors

The corporate Board of Directors protects the legal rights and interests of the Company and all shareholders in strict accordance with the provisions of the *Articles of Association* and the *Rules of Procedure for the Board of Directors*. The Board of Directors has established the Remuneration and Appraisal Committee, the Audit Committee and the Strategy and Sustainable Development Committee, which provide consultation and suggestions for the decision-making of Board of Directors.



Board of Supervisors

The corporate Board of Supervisors supervises the convening procedures/ resolution matters of General Meeting of Shareholders and Board of Directors, the implementation of the resolutions of the General Meeting of Shareholders by the Board of Directors, the financial situation of the corporate, and the performance of duties by directors and senior management personnel in strict accordance with the provisions of the *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*.

During the reporting period, the Company held a total of **4** General Meetings of Shareholders, **15** meetings of the Board of Directors and **8** meetings of the Board of Supervisors.



Independence and Diversity of The Board of Directors

The Company actively promotes the independence and diversity of its members in Board of Directors and senior management. The members possess extensive industry experience and professional capabilities in finance and law to ensure the comprehensive governance and insight of the Board of Directors, so they can make reasonable decisions to enhance risk response capabilities and protect the interests of investors, improving the professionalism of corporate governance.

| Name | Position | Professional Knowledge and Skills | | | | Primary Experience | | | Gender | Age |
|-------------|----------------------------------|-----------------------------------|--------------------------|---------|-----|--------------------|---------|-----|--------|-----|
| | | Industry | Comprehensive management | Finance | Law | Industry | Finance | Law | | |
| Wu Jie | Chairman | ✓ | ✓ | | | ✓ | | | Male | 44 |
| Qi Weidong | Deputy Chairman, General Manager | ✓ | ✓ | ✓ | | ✓ | ✓ | | Male | 59 |
| Deng Qidong | Director | ✓ | ✓ | | | ✓ | | | Male | 55 |
| Lin Junjie | Director | ✓ | ✓ | | | ✓ | | | Male | 52 |
| Wang Jianli | Director | ✓ | ✓ | ✓ | | ✓ | ✓ | | Female | 53 |
| Cai Sheng | Director | ✓ | ✓ | ✓ | | ✓ | ✓ | | Male | 43 |
| Xue Zuyun | Independent Director | ✓ | ✓ | ✓ | | ✓ | ✓ | | Male | 62 |
| Liu Bin | Independent Director | | ✓ | ✓ | | ✓ | ✓ | | Male | 63 |
| Liao Yixin | Independent Director | | ✓ | | ✓ | ✓ | | ✓ | Male | 68 |

Note: Cai Sheng has been appointed as a director of the Company since March 28, 2025.

Diversified Composition of the Board of Directors

Remuneration Management of the Board of Directors

According to development strategy, the Company has established the Remuneration and Appraisal Committee to formulate the remuneration policies and programs for directors and senior management personnel, and to provide advice to the Board of Directors. The Company’s remuneration policies take into account the factors including corporate business operation goals, market remuneration levels, and individual performance, ensuring that the remuneration is in line with corporate performance and individual contributions. The remuneration for senior management adopts a salary structure of "basic annual salary + long-term incentives" to enhance the long-term sense of responsibility and belonging of the management team, promoting the long-term and stable corporate development.

Investor Relations

The Company attaches great importance to investor relations management and has formulated the *Investor Relations Management System*, establishing an investor relations management mechanism to clarify the basic principles, main communication matters, communication methods, information disclosure channels, etc., and has constantly refined the investor relations management mechanism to safeguard the basic rights and interests of the investors. In addition, the Company also conducts a variety of investor activities to enhance communication with investors and potential investors, improving investors' understanding and recognition of the Company.

Information Disclosure

The Company discloses major corporate information in accordance with laws, regulations, departmental rules, normative documents of the Exchange and *Articles of Association*. It has formulated the *Management System for Information Disclosure Affairs* to improve corporate information disclosure management and quality, and all disclosed information is true, accurate and complete, which effectively safeguards the right to know of all shareholders (especially minority shareholders), and ensures that corporate shareholders can equally obtain major corporate information. The Company also constantly enhances the management on insiders, and orderly organizes the registration of insiders, effectively preventing insider trading to protect the legal rights and interests of investors.

- In the regular reports, the Company actively discloses major information that can fully reflect business progress, competitive advantages, industry trends, industrial policies, etc., to enhance investors' understanding and recognition of corporate investment value; and it strives to express in a simple and understandable manner along with abundant graphics and text to constantly improve the disclosure quality of regular reports.
- For many years, the Company has persisted in publishing letters to shareholders in the annual report to facilitate investors' reading and understanding of corporate operating conditions and development strategies.
- Since the third quarter report of 2022, English versions of regular reports have been disclosed, and an English website has been set up to establish an English investor relations column, facilitating international investors' understanding of corporate operating conditions.

During the reporting period, the Company disclosed 89 reports, including 4 regular reports and 85 interim announcements.

Diverse Forms of Information Disclosure

Investor Communication

The Company adheres to the fundamental principles of "compliance, equality, initiative, and honesty and trustworthiness", and conducts investor relations management via multiple channels, platforms, and methods. Investors can obtain the latest information about the Company via various channels such as announcement documents, official website of the corporate, new media platforms, Shanghai Stock Exchange e-Interactive, investor hotline, fax, email, and investor education base, and the investors can also utilize the network infrastructure platforms of www.investor.org.cn and stock exchanges, securities registration and settlement institutions to obtain corporate information via General Meeting of Shareholders, investor briefings, roadshows, analyst meetings, receiving visitors, and discussion exchanges.

During the reporting period, the Company answered over 100 investor calls and handled over 150 investor relationship emails. It responded to 30 investor questions on the Shanghai Stock Exchange e-Interactive platform, with a response rate of 96.77%.

The Company organized 3 online performance briefings, participated in 1 online collective reception day in the Xiamen area, held 4 special telephone meetings, and conducted online exchanges with over 150 representatives from 200 institutions.

The Company has participated in more than 15 strategy meetings organized by major sellers, and had face-to-face exchanges with over 150 mainstream investment institutions.

The Company has received over 50 institutional surveys (in Xiamen, in Shanghai or online), with a total of over 200 institutions received.



The Company Won the 8th Best Capital Market Communication Award

Protect Shareholders' Interests

The Company has always placed the protection of shareholders' interests in a prominent position, and it is committed to ensuring that shareholders can obtain corporate information promptly and accurately to participate in corporate decision-making through measures such as enhancing internal control, optimizing corporate governance structure, and enhancing transparency. The Company strictly complies with applicable laws and regulations, and implements scientific and reasonable profit distribution policies to safeguard the legal rights and interests of shareholders and their investment returns. Meanwhile, the Company pays close attention to communication and interaction with shareholders, and actively listens to their opinions and suggestions, in order to achieve the common development of the Company and shareholders and maximize benefits.

Holding the concept of sharing development achievements with shareholders, the Company has implemented an active and stable cash dividend policy. In the past five years, the proportion of cash dividends to the net profit attributable to shareholders of the listed company (after deducting interest on perpetual bond) in the current year has been remained above 50%, and the cumulative dividend amount since the reorganization and listing in 2011 has exceeded CNY 5.1 billion.

Related Party Transactions

To regulate related party transaction behaviors of the corporate, the Company has formulated the *Management System for Related Party Transactions* to clearly stipulate the matters such as the definition, decision-making, disclosure, and punishment of related party transactions, regulating the relevant responsibilities and obligations of corporate directors, supervisors, senior management personnel, and shareholders. Moreover, the Company fulfills the relevant procedures for related party transactions in strict accordance with the *Management System for Related Party Transactions*. The related directors and related shareholders are required to avoid voting in the consideration procedures of Board of Directors and General Meeting of Shareholders, and the actual implementation of daily related party transactions is classified, summarized and disclosed in the annual report and semi-annual report. In addition, the Company also stipulates the related party transaction matters in the *Management System for Fund Raise* to ensure that related party transactions are voluntary, equal, fair, open, legal, and reasonable, which are in line with the interests of the Company and shareholders.

Avoidance of Interest Conflicts

The Company requires directors, supervisors, and senior management personnel to fulfill the duty of loyalty in strict accordance with the provisions of the *Articles of Association*. Without the consent of the General Meeting of Shareholders, they are not allowed to take advantage of their positions to seek business opportunities of the Company for themselves or others, or engage in similar business activities. Meanwhile, the Company has formulated the *Work System for Independent Directors*, requiring independent directors to supervise potential major interest conflict matters to ensure that the decisions made by the Board of Directors are in line with the overall corporate interests and protect the rights and interests of minority shareholders. During the reporting period, the Company effectively implemented the requirements for avoiding interest conflicts via improving mechanisms, maintaining the transparency and fairness of corporate governance.

Risk Control Orientation to Securely Adhere to the Compliance Bottom Line

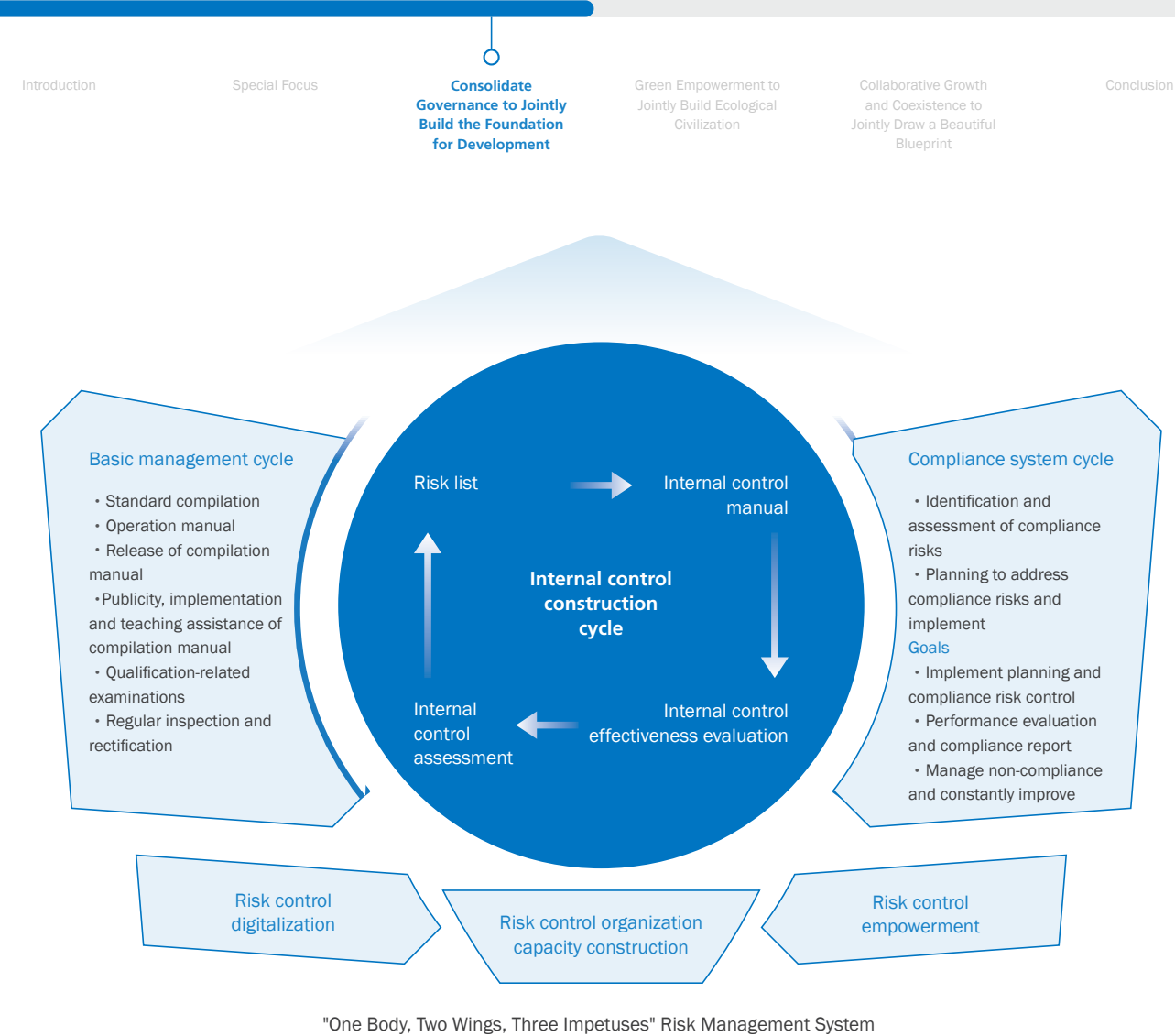
As a leading enterprise in staple commodity supply chain services in China, Xiamen Xiangyu firmly places compliance at the dominant position of risk management, and guides its business activities with the concept of "risk first". The Company actively responds to changes in the economic environment and regulatory policies to constantly refine its risk management system, strengthening compliance management and enhancing risk control measures, and innovates on the basis of compliance to ensure stable development in a complex and volatile market. These practices not only safeguard the safe operation of corporate assets, but also enhance the risk-resistance capabilities of the industrial chain and supply chain. Each operating entity of the Company maintains a sense of reverence for compliance management, and strictly follows the standards for operation to promote corporate long-term sustainable development, creating greater value for shareholders and society.

Internal Control of Risk

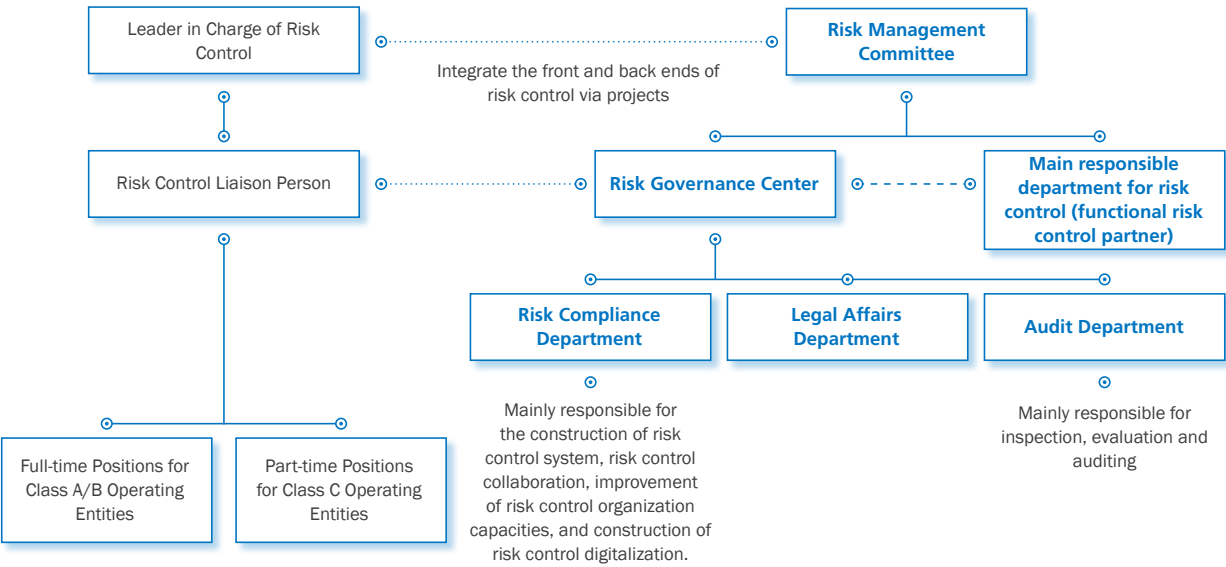
Xiamen Xiangyu conducts various tasks related to optimizing the internal control manual, refining basic management, and strengthening compliance management around the "one body, two wings, three impetuses" framework, constantly consolidating the risk management system.

Risk Management System

Holding the business philosophy of "risk first, profit second, scale third" and around the overall risk management goal of "being controllable" and "bearable", the Company establishes a risk management system with internal control construction as the body, basic management cycle and compliance management cycle as the two wings, and risk control digitalization, risk control empowerment, and risk control organization capability construction as the impetus. That is, the "one body, two wings, three impetuses" risk management system.



The corporate Risk Management Committee is responsible for organizing comprehensive risk management of the corporate, determining the overall goals of risk management, identifying major risks and key control measures, and establishing a sound risk management system.



Risk Governance Organization Structure

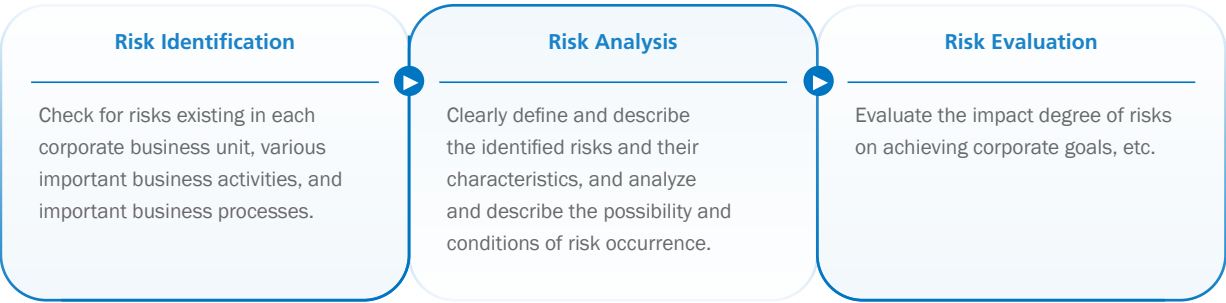
Risk Management Process

The Company implements risk list management for major risks. Each operating entity and each functional department of risk management will, around the risk list, constantly collect risk management information, conduct risk assessment, formulate risk management strategies, propose & implement risk management solutions, and supervise & improve risk management. The Company mainly assesses risk levels based on two dimensions: probability and impact. The probability assessment standard is mainly determined based on the occurrence frequency and duration of similar events in the past; and in the assessment standard for impact, the impact degree of the risk event on financial situation, reputation, employees, and market, and others of the corporate is mainly considered.

| Primary Risk | Key Secondary Risk | |
|------------------|---|---|
| Strategic Risk | - | |
| Financial Risk | Fund liquidity (cash flow) risk Foreign exchange risk Accounting and financial reporting risk | |
| Operational Risk | Merchant credit risk Goods ownership risk Basic management risk Professional ethics risk Investment decision risk | "Four-new" business risk ¹ Information system risk Team building risk Organizational capacity risk Corporate reputation and brand risk |
| Market Risk | Price risk Policy risk | |
| Compliance Risk | Tax compliance risk Trade control and sanctions risk Health, safety and environmental risk Customs affair compliance risk Anti-monopoly compliance risk | Listing regulation compliance risk Engineering construction compliance risk Oversea operation compliance risk Dangerous chemicals operation compliance risk Commercial substantial risk |

Note: 1. "Four-new" business risk refers to the risks of new products, new models, new teams, new merchants.

Risk List




Risk Identification Process

| Risk Types | Governance Goals | Governance Measures |
|-----------------------------|---|--|
| Merchant Credit Risk | Conduct concentration degree analysis, stress testing, etc. to focus on promoting the matching between hierarchical management and authorization mechanism, helping each operating entity control the merchant credit risk within the "controllable and bearable" range in the actual business operation. | <p>Pre-event: Clearly define the upper limit of authorization line and adjustment standards for each operating entity, and combine public opinion, performance, and production & operation conditions to conduct front-end credit granting and cooperation scale control.</p> <p>Mid-event: First, establish a regular dynamic monitoring mechanism for merchant credit risk to track the progress on implementation of risk matters, to assess the impact of risk matters on the performance ability of merchant, to promptly take necessary risk prevention measures and urge the implementation of measures. Second, conduct regular return visit for credit-granted merchants, and perform on-site visits for blacklisted, overdue, and abnormal merchants.</p> <p>Post-event: First, implement black list and gray list management to clearly prohibit admission for abnormal cooperative merchants. Second, comprehensively conduct post-evaluation on risk business. Third, perform irregular reviews of the entire year's merchant situation to propose optimization opinions for management direction.</p> |
| Goods Ownership Risk | Improve the management ability of logistics sub-suppliers and leverage digital warehouse management to achieve effective control of goods ownership. | <p>Pre-event: Establish a sound management system to clarify the admission scoring system for logistics sub-suppliers, warehouse inspection rules, etc., and establish a fightable logistics team.</p> <p>Mid-event: First, use digital tools to achieve standardized, visualized, and refined management of logistics suppliers to improve the accuracy of logistics tracking and the intelligent early warning of risk; second, promote the "unfixed time, unfixed post, unfixed person" warehouse inspection mechanism; third, achieve full insurance coverage to lower the impact degree of uncontrollable risks.</p> <p>Post-event: First, conduct regular return visit for logistics sub-suppliers to promptly identify deficiencies and adjust ratings; second, promote the upward transmission of abnormal information and conduct evaluations.</p> |
| Commercial Substantial Risk | Comply with external regulatory requirements, and strictly prohibit conducting non-compliant business. | <p>Pre-event: According to the relevant management requirements of the state and the municipal state-owned assets supervision and administration commission, draft the <i>General Rules for Supply Chain Management</i> to clearly define the negative list for business operations and management requirements.</p> <p>Mid-event: Invite accounting firms and external experts to conduct special training, and guide each operating entity to enhance the understanding of business substance so as to avoid cognitive risks.</p> <p>Post-event: The Audit Department organizes special screenings, focusing on the rationality and compliance of business as well as the rationality of business substance.</p> |

Management Measures for Major Risks


Internal Control System

In order to enhance internal control and risk prevention capabilities to promote sustainable development, the Company has formulated key systems such as the *Internal Control Manual*, the *Internal Control Evaluation Manual*, the *Management Regulations for Internal Control Evaluation* and *Internal Control Assessment*, and the *Management Measures for Compliance*, establishing a comprehensive internal control management system with the goals of compliance, asset security, accurate reporting, operational efficiency, and strategic implementation. This system is composed of five elements: internal environment construction, risk assessment, control activity execution, information & communication, and internal supervision. It ensures the normalization and effectiveness of corporate operations, providing a solid management and control foundation for stable development of the corporate.




Internal Control Evaluation

- The Company conducts comprehensive evaluations on the internal control effectiveness of all operating entities, either via the evaluation by the Audit Department or self-evaluation by the operating entities, aiming to enhance the autonomous management capabilities of the operating entities. The evaluation scope covers major risk management of each operating entities (27 entities), and the major risks as evaluated include merchant credit risk, four-new business risk, goods ownership risk, business risk, customs affair compliance risk, compliance risk, price risk, etc.




Special Audit

- According to external regulatory requirements and the key risk points currently faced by corporate operations, various special audits are conducted on the compliance, the key links, and the cost rationality of key business models. The digital means are utilized to expand the inspection coverage via data analysis, analyzing the root causes of problems and discussing the paths for management improvement.



Abnormality Evaluation

- The Company promotes each operating entity to conduct post-event evaluations on abnormal matters arising from the risk case during operation process, requiring each operating entity to conduct such evaluations for all abnormal matters that should be evaluated. This further enhances the primary responsibility awareness of the operating entities, and urges them to promptly summarize experiences and lessons, improving risk management and response capabilities. The Audit Department selects representative cases to conduct re-evaluation on abnormal matters, analyzing the existing problems from both internal and external perspectives to improve the construction of corporate case database.



System Check

- The Company conducts system check (including major issues, important appointments and removals, major projects, and the use of large amounts of money, financial, administrative, human resources, engineering rigidity, position-related consumption, asset leasing, equity investment) every year, focusing on key business divisions and weak management links.

Specific Measures for Internal Control

Compliance Operations

The Company has established a systematic compliance management system to enhance the business compliance. It regularly identifies and assesses existing laws and regulations, and clearly defines the responsibilities of each department in the collection, identification, analysis, and response to laws and regulations, ensuring that corporate business operations fully comply with national laws and regulations as well as local regulations.

Compliance Training

To further enhance the risk control awareness of all corporate employees, improve the internal compliance management, strengthen the pre-control of risks, and ensure the stable operation of corporate business, the Company promoted compliance construction throughout the year in various forms. It organized over 80 internal and external risk control compliance training sessions, and these activities provided a platform for all employees to learn about compliance knowledge and strengthened the risk defense line, safeguarding the development of corporate business.

Case

Conduct the "Risk Control Compliance Month" Activity to Deepen Compliance Awareness

In September 2024, the Company held the annual "Risk Control Compliance Month" training. After this one-month deep training and communication, the compliance awareness of all employees was significantly enhanced. During this activity, external experts were invited to give special lectures. The corporate leaders emphasized the importance of compliance work at the closing ceremony, and expected employees to integrate the knowledge they learned into their daily work for promoting benefits via management, ensuring the stable development of corporate business. This activity not only enhanced the employees' risk prevention capabilities, but also laid a solid foundation for continuous compliance operation of the corporate.



"Risk Control Compliance Month" Training




Special Training on External Compliance




Special Training on Operational Compliance

Tax Management


The Company always takes tax compliance as the bottom line, and strictly complies with the applicable tax regulations such as the *Corporate Income Tax Law* and those of the business location area. It is committed to maintaining the legality, transparency and stability of tax actions to ensure that corporate tax management is coordinated with business development, safeguarding the long-term and stable corporate development, and it practices social responsibilities of the corporate via the legal fulfillment of tax obligations. Moreover, the Company has formulated the *Tax Management System*, aiming to standardize the tax management process, reasonably control tax risks, and prevent tax violations. Through this system, the Company clearly defines the division of responsibilities and operational procedures for tax work, stipulates the specific steps for tax compliance review, and elaborates on tax risk control measures.



Taking the Tax Capacity Building Team as the empowerment carrier, and relying on the active participation of tax partners at all corporate levels, the Company closely tracks the changes in tax laws, deeply analyzing the impact of tax law changes on the tax-related business of the corporate, and proactively empowers business departments to enhance the control of tax risks from the source.



In addition to annual self-inspection of tax by the companies at all levels, the Company organized multiple special self-inspections or inspections of tax for tax-related scenarios such as withholding and remittance for non-trade payments, tax declaration, tax accounting standardization, and additional reduction of VAT. It comprehensively identified risk points to formulate a rectification list, and urged the implementation item by item.



The Company has created a case database for tax assistant investigation to conduct deep analysis on tax risk issues, and the self-inspection was used to extract optimization measures for tax management to achieve tax-enterprise collaboration.

Management Measures for Tax Risk

In addition, the Company also identifies and manages potential tax risks in its business operations. It controls key risk points and takes effective measures to ensure legal tax payment and effectively prevent & manage tax risks. The Company has established a regular communication mechanism with the tax authorities in the business location area to consult and communicate with the tax authorities on tax policies, regulations, and practical operations, ensuring tax compliance. Moreover, through compliant tax management, the Company actively builds harmonious relationships with the tax authorities, investors, partners, and all sectors of society, jointly promoting the optimization and improvement of the tax environment.

During the reporting period, the Company paid taxes in the amount of **CNY 3.205 billion** in total.



Honest Business Operation to Adhere to Commercial Ethics

Xiamen Xiangyu always adheres to the highest standards of commercial ethics, and strictly complies with laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China* to establish a sound commercial ethics management system. The Company resolutely opposes corruption, commercial bribery, monopolistic behavior, and unfair competition, and takes practical measures to prevent the occurrence of any violations of commercial ethics, ensuring the integrity and compliance of corporate operations.

Act with Integrity in Professional Conduct

The Company has formulated a series of governance systems for commercial ethics risks to enhance the governance of ethical risks of the corporate. The Company has created a culture of integrity via standardizing employee behaviors, establishing a sound reporting mechanism, and supervising business partners

Anti-commercial Bribery

The Company resolutely opposes any improper behavior damaging commercial ethics of the corporate. It has formulated the *Governance System for Ethical Risk* and requires all employees to comply with national laws and regulations, enhancing the "Four Consciousnesses", firmly holding the "Four-sphere Confidence", and fulfilling the "Two Upholds", while requiring all employees to adhere to the principles of being realistic and pragmatic. The corporate employees shall comply with the internal policies and procedures on anti-commercial bribery. In necessary cases, they shall implement office-holding avoidance and official business avoidance, and must not engage in profit-making business activities or paid intermediary activities. When conducting commercial receptions, the employees shall follow corporate reception management, travel management, and official business vehicle management regulations, and their position-related consumption shall comply with applicable regulations, meeting the principle of frugality. The Company strictly prohibits employees from engaging in illegal lending, and the employees shall neither embezzle corporate property, nor accept gifts, cash, etc. from subordinates with subordinate relationships during weddings, funerals, and celebrations.

Risk Assessment

Comprehensive identification of risk points: The Company conducts a comprehensive investigation on potential integrity risk points in key areas such as the supply chain, and identifies 171 risk points in total, including high-risk, medium-risk, and low-risk points, providing a basis for precise prevention and control.

Practical Efforts

- Educational guidance:** Through forms such as "Honest and Upright Yu Chain Mini-Classroom", the Company provides employees with professional ethics education and integrity publicity & implementation, improving their awareness of discipline and law.
- Discipline enhancement:** Conduct regular discipline education for new employees, new middle-level managers, and new senior executives, including integrity knowledge examinations and collective integrity talk to enhance the awareness of acting with integrity in professional conduct.
- Warning education:** Organize the employees to participate in warning education activities, such as visiting prisons and attending court trials, and illustrate discipline and law via cases to enhance employees' sense of awe.
- Supervision and inspection:** Strengthen supervision and inspection of subordinate enterprises and key positions, and promptly correct improper behaviors to improve the quality of supervision.
- Disciplinary accountability:** Conduct strict investigations and handling of disciplinary violations and irregularities to confiscate the proceeds of violations, and strengthen warning education via forms such as warning education conferences.
- Problem rectification:** For discovered problem clues, conduct efficient and coordinated clue disposal to ensure the implementation of problem rectification.
- Information security and intellectual property protection:** Pay attention to information security and intellectual property application, and prevent the disclosure of commercial secrets.
- Party building work:** Practice Party building work to promote the alignment between corporate development and Party's policies and guidelines, and ensure the correctness of corporate development direction.
- Digital integrity archives system:** The Company has established a digital integrity archives system, which incorporates key data such as employees' rewards and punishments, job responsibilities, and integrity risk points, achieving big data supervision.
- Special supervision to control risks:** Through the "embedded" supervision mechanism, the Company conducts special governance of key business links such as logistics receivables and overseas commissions to prevent integrity risks.

Reporting Mechanism

To enhance the effectiveness of the supervision mechanism, the Company has formulated the *Provisional Measures for Complaint Reporting Acceptance and Problem Clue Disposal*. It clearly classifies the complaint types such as reporting, accusations, criticism & suggestions, and appeals, and ensures that the discipline inspection and supervision institutions at all levels can handle each reporting carefully and in a standardized manner, resolutely maintaining the transparency and fairness of supervision, and effectively protecting the privacy and rights/interests of the whistleblowers. The whistleblowers can report behaviors that violate commercial ethics via phone calls, emails, letters, and the Internet.



Acceptance Process of Complaint Reporting

Confidentiality Requirements

The names, employers, addresses and other information of the whistleblowers and accusers, as well as the content of the accusations, must be strictly kept confidential.

Information Protection

It is not allowed to transfer or disclose the accusation materials to or inform the organizations or individuals being accused.

Avoidance System

When the personnel of the handling department have conflicts of interest or other circumstances that may affect the fair handling of the case, they shall voluntarily propose to avoid.

Clarification Mechanism

In cases where the verification determines that the accusation is inconsistent with the facts, or where the case has been wrongly handled or punished, after following the prescribed procedures on submitting for approval, it shall be corrected within their authority, and appropriate measures shall be taken to clarify the situation.

Legal Liability

For any violations such as disclosing the information of the whistleblowers or accusers, inquiring about the case details, or involving in the case, they will be dealt with in strict accordance with regulations and discipline. If it involves illegal or criminal acts of duty, legal liability will be pursued.

Whistleblower Protection Mechanism

During the reporting period, **12** integrity talks were conducted for cadres before their appointments, and **20** integrity symposiums for young employees were held. In addition, **808** electronic integrity files were collected and refined.



Case Consolidate the Integrity Defense Line to Conduct a Collective Integrity Talk for Senior Executives

In order to further improve the integrity & self-discipline awareness and the anti-corruption capabilities of newly appointed senior executives, in March 2024, the Company held a collective integrity talk. Through various links such as warning education, integrity talks, and statements made by senior executives, this event effectively improved the integrity & self-discipline awareness of the executives, clarified the integrity requirements, strengthened their sense of responsibility, and created an honest and upright corporate culture atmosphere, providing a solid disciplinary safeguard for the healthy corporate development.



Integrity Talk for Senior Executives

Anti-monopoly and Anti-unfair Competition

The Company strictly complies with the requirements of laws and regulations related to anti-monopoly and anti-unfair competition, and it resolutely opposes behaviors such as monopoly and unfair competition that disrupt market order. Moreover, the Company adheres to honest business operation, and actively maintains a free, fair, and honest market competition order. In addition, the procurement activities of the Company and its subordinate companies all follow the principle of "openness, transparency, and merit-based selection principle" to treat all small and medium-sized suppliers equally.

Case Anti-monopoly Law Training

In order to improve the understanding and application ability of corporate employees regarding the *Anti-monopoly Law*, in March 2024, the Company invited lawyers from a law firm to conduct a special training on the content of the *Anti-monopoly Law*. Through the interpretation of the latest policies and the reminder of relevant operational notes, the employees' ability to solve practical problems was improved, and their awareness of risk prevention was enhanced.



Anti-monopoly Law Training.

02

Green Empowerment to Jointly Build Ecological Civilization

Concept

Xiamen Xiangyu conducts a series of innovative practices and systematic management to integrate the green concept into every link of its production and operation. The Company strictly complies with environmental protection laws and regulations to establish a sound environmental management system; it advocates lean production, green logistics, green agriculture, and green shipping to significantly improve energy efficiency; it conducts high-standard management of wastewater, waste gas, and waste to ensure that pollutants are discharged in accordance with standards; and it deepens resource conservation and promotes efficient recycling of resources via rainwater collection, wastewater reuse, and material optimization.

Our Actions

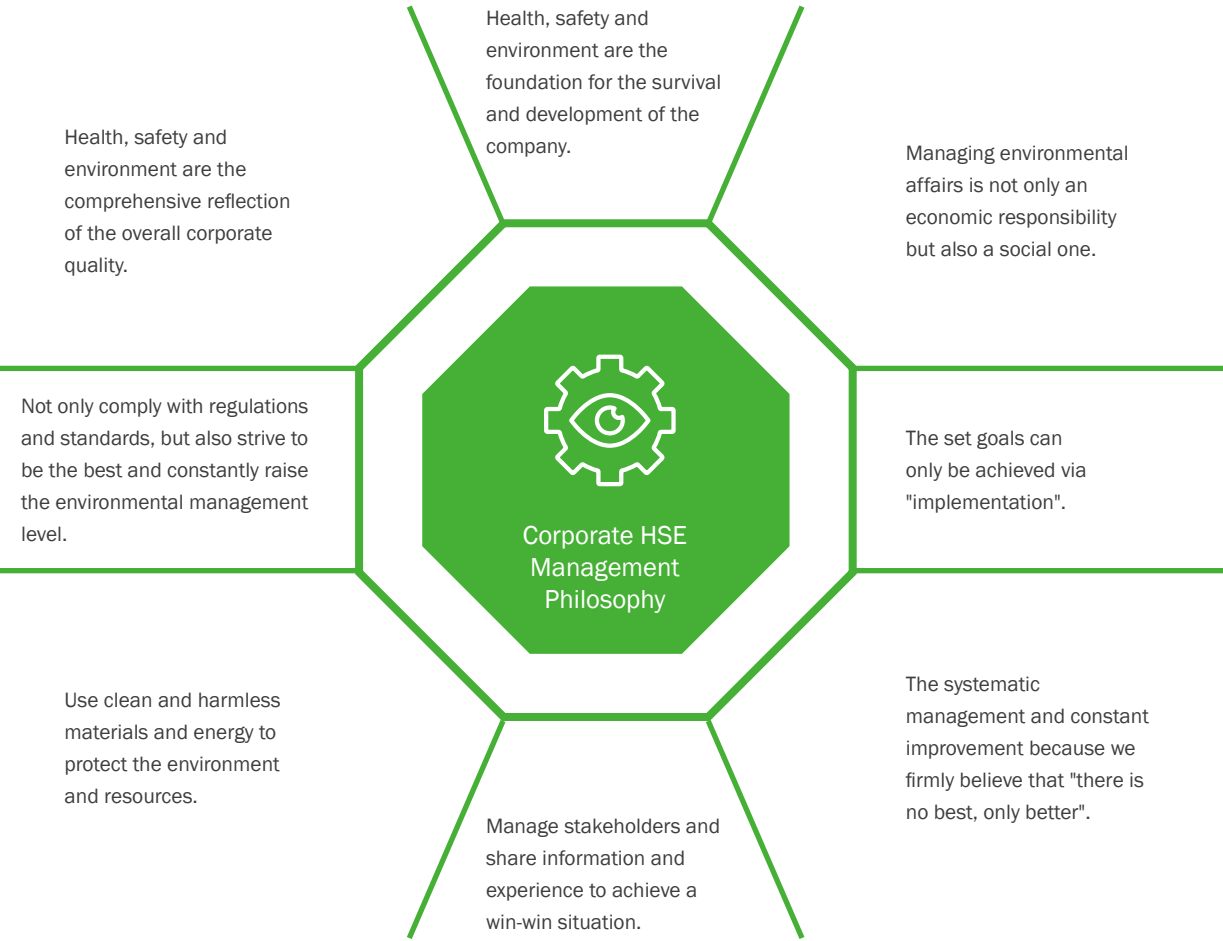
- Environmental Compliance to Consolidate Responsibility Management
- Energy Conservation and Carbon Reduction to Respond to Climate Change
- Pollution Prevention and Control to Promote Ecological Protection
- Resource Conservation to Develop Recycling Economy



Environmental Compliance to Consolidate Responsibility Management

Xiamen Xiangyu strictly complies with applicable laws and regulations such as the *Environmental Protection Law* as well as local environmental protection requirements, and adheres to the concepts of clean and safe development to actively achieve the strategic goal of sustainable development. Moreover, the Company holds the HSE¹ management philosophy, and the subsidiaries that establish the HSE system under the supervision and guidance of the Company include industry companies (Xiangyu Superchain, Xiangyu Agricultural Products, Xiangdao Logistics), single companies (Xiangming Oils, Xiangyu Zhengfeng, Liangshan Xiangyu), and commodity operation companies (more than 50).

Note: 1. HSE refers to health, safety and environment.



Corporate HSE Management Philosophy

Each subsidiary has established a sound environmental management system based on its own business situation. For instance, Xiangming Oils and Xiangyu SOE have both set up an environmental management structure with the General Manager as the primary responsible person, and have respectively established specialized departments for environmental management, responsible for implementing environmental policies and regulations, formulating environmental systems and plans, supervising the implementation of environmental work, and organizing environmental training. During the reporting period, six subsidiaries (including Suihua Xiangyu) of the Company obtained ISO 14001 environmental management system certification.

| | |
|-------------------------------|---|
| Xiangyu Superchain | Establish an industry headquarters, organize the establishment of the industry headquarters and supervise and guide the HSE systems of each subsidiary. The headquarters and each subsidiary all have occupational health, safety and environmental protection management institutions (departments). |
| Xiangyu Agricultural Products | |
| Xiangdao Logistics | |
| Xiangming Oils | Independent single companies, establishing occupational health, safety and environmental protection management institutions (departments), organizing the establishment of the HSE system for their companies. |
| Xiangyu Zhengfeng | |
| Liangshan Xiangyu | |
| Commodity Operation Companies | Over 50 independent staple commodity trading companies, operated by relevant functional departments, guided by the parent company to establish occupational health, safety and environmental protection system, and their implementation is supervised. |

HSE System of Subsidiaries

The subordinate companies of Xiamen Xiangyu have been actively engaged in environmental protection work. They conduct risk assessments for environmental incidents, improve emergency response plans and perform emergency drills, and regularly conduct environmental protection training to prevent related risks via their practical actions. During the reporting period, subsidiaries such as Xiangming Oils, Yi'an Agricultural Products, and Zhuoyu Supply Chain revised the relevant documents of the *Emergency Response Plan for Sudden Environmental Incidents*.

Xiangyu SOE

- Conduct annual environmental factor monitoring, environmental impact assessment of new project, pollutant discharge permit application & review, and annual operation and maintenance of environmental protection equipment in accordance with the law.
- Regularly promote environmental work inspections, conduct special inspections on each department's implementation every week, and promptly improve management issues; environmental protection facility management personnel conduct daily spot check to promptly rectify environmental protection equipment problems.

Zhuoyu Supply Chain

- Optimize the environmental protection management system and refine the division of responsibilities of each department.
- Optimize the environmental protection operation management system, and propose 8 management regulations for environmental protection operations to ensure the effective implementation of measures.
- Conduct 3 environmental protection activities, including 2 special trainings on logistics environment protection operations.

Xiangyu Superchain

- Clearly define environmental protection requirements during cargo loading/unloading and storage processes, conduct 2 environmental protection inspections every week, focus on checking dust control and wastewater collection, and promptly rectify problems found.
- Organize 1 environmental protection knowledge competition to enhance employees' environmental protection awareness and business capabilities.

Xiangyu Agricultural Products

- Strictly implement dust prevention measures during cereal purchase & storage processes, conduct daily inspections and maintenance of ventilation and dust removal equipment to ensure normal operation and reduce dust emissions; conduct 1 environmental facility operation assessment every month to optimize and adjust as needed.
- Conduct 2 environmental protection technology trainings on cereal storage to improve employees' environmental protection operation skills.

Xiangdao Logistics

- Strengthen the spillage control during cargo loading/unloading and transportation, and equip with water spraying vehicles to spray water on the cargo yard roads 3 times a day to reduce dust; regularly clean drainage ditches to prevent pollution caused by rainwater erosion.
- Organize at least 1 environmental emergency drill every year, and simulate emergency responses after cargo spillage to improve employees' emergency response capabilities.

Xiangming Oils

- Conduct real-time monitoring of wastewater and waste gas emissions during the production process to ensure compliance with discharge standards; inspect the operation status of environmental protection treatment facilities daily, and promptly handle abnormal situations; conduct 1 environmental performance assessment every month to constantly improve environmental protection work.
- Conduct 2 environmental protection-themed activities, such as energy conservation and emission reduction publicity week, and environmental equipment operation skills competition, so as to enhance employees' environmental protection awareness and participation.

Xiangyu Zhengfeng

- Conduct daily tour inspections on the storage environment, promptly remove debris and accumulated water to keep the site clean; conduct monthly summaries and analyses of environmental protection work, identify problems and formulate improvement measures.
- Organize at least 1 environmental protection training lecture every year, and invite experts to explain environmental protection knowledge and cases to raise employees' environmental protection management levels.

Liangshan Xiangyu

- Organize employees to learn and conduct drills to enhance their ability to respond to sudden environmental incidents; strengthen energy management in the production process, promote energy-saving and emission reduction measures to reduce energy consumption and pollutant emissions; conduct self-inspections and self-corrections of environmental protection work every week, and constantly improve environmental protection performance.
- Conduct 1 environmental protection technology exchange activity every half year to share environmental protection experience and technology with peer enterprises, jointly raising environmental protection levels.

Case Emergency Drill for "Oil Leakage" Accident

In March 2024, Zhuoyu Supply Chain conducted a special training for the scenario of "leakage of used engine oil due to improper handling". The training covered the hazards and prevention of oil leakage accidents, enabling employees to understand the hazards and master the prevention methods; it detailed the emergency handling procedures, including the links from detecting the leakage and reporting to emergency response and environmental monitoring; and it taught employees how to correctly use emergency equipment, such as leakage control equipment and personal protective equipment. Through case analysis, Zhuoyu Supply Chain helped employees understand the handling process of oil leakage accidents and strengthen their understanding of the emergency procedures, improving the ability of workshops to deal with oil leakage risks.



Simulation on Recovery of Leaking Waste Oil

Case Emergency Drill for Hazardous Chemical Leakage

In April 2024, an emergency drill was conducted in the P4 paint room of Xiangyu SOE Painting Facility area. This drill covered emergency response for hazardous chemical leakage, personnel evacuation, fire-fighting, and other subjects. A leadership group was established for this drill, and multiple subordinate groups such as fire-fighting rescue and evacuation were also set up to define clear responsibilities for each of them. The drill simulated a fire incident caused by a leakage of thin liquid in the P4 paint room, and it set up two levels of warnings. It stipulated the reporting and response procedures after detecting the fire, and clearly defined the time record requirements for each step, emphasizing that fire water was prohibited during the drill. Through this drill, Xiangyu SOE improved the safety awareness and emergency response capabilities of its employees.



Personnel Evacuation

Green Operation Management

Xiamen Xiangyu has been deeply committed to the concept of green and low-carbon development, constantly improving the green and low-carbon awareness of its employees, and has fully integrated the requirements of sustainable development into its daily operations and management. The energy consumption per unit area of corporate headquarters building is 8.89kgce/m² only, which is 58.5% lower than the standard value (≤21.4kgce/m²) stipulated in the *Energy Management System - Certification Requirements for Public Building Management Organization*, and the corporate energy efficiency management level is at the leading position in the industry.



Deploy smart building automation control systems to realize smart control on public area illumination, landscape lighting, electronic display screens, water feature facilities and air conditioning systems, achieving energy conservation.



Completely install water-saving toilets, faucets and other water-using appliances, and equip a rainwater recovery system to reduce water resource waste.



Actively promote energy-saving and environmental protection office modes, advocating green behaviors such as "power off when leaving", paperless office, and garbage sorting.



Provide free shuttle buses for employees, encouraging them to take public transportation, and organize "Stop Driving for One Day" activities for employees who own private cars every year to reduce carbon emissions caused by commuting.



Organize employees to participate in voluntary tree planting and environmental cleaning activities every year to enhance their environmental protection awareness.

Green Operation Management

Energy Conservation and Carbon Reduction to Respond to Climate Change

Xiamen Xiangyu has constantly improved its energy management, and lean production, green logistics, green agriculture, and green shipping are implemented to enhance energy utilization efficiency and reduce energy consumption. During the reporting period, two of its subsidiaries (including Zhuoyu Supply Chain) obtained ISO 50001 energy management system certification, Xiangming Oils obtained the Clean Production Certification, and Xiangyu SOE was rated as an "Environmental Credit Green Enterprise" in Nantong City.

Lean Production

Each subsidiary of the Company, based on its actual business conditions, has established a lean management system to constantly update and replace equipment, achieving energy conservation and consumption reduction.



- Establish an energy control team for eliminating the evaporating, emitting, dripping or leaking of liquid or gas, and assist each workshop to prevent energy waste.
- Utilize peak production to start/stop air compressors and energy-saving technological renovations for effectively reducing energy consumption.
- Adopt the energy trusteeship mode of air compressor invested by others, where the cooperative entity renovates the air compressor station, and the Company purchases compressed air and charges for the operation electricity, achieving cost reduction and efficiency improvement.
- During the reporting period, the proportion of energy to labor costs decreased by 0.48% compared to the budget at the beginning of year.



- Establish a team dedicated to excellence, and utilize technological renovations to optimize production processes. The low-efficiency fixed-frequency motor in vacuum pumps is replaced with a variable frequency motor to reduce electricity consumption.



- Optimize the cargo loading/unloading process, and introduce energy-saving forklifts and cranes to increase loading/unloading efficiency and reduce energy consumption.
- Install smart lighting systems to automatically adjust the brightness of lights according to the usage of the cargo yard, reducing electricity waste.



- Install insulation and heat preservation materials in the cereal storage area to reduce energy loss due to temperature variations.
- Promote the usage of low-power and high-efficiency ventilation equipment to reduce electricity consumption during the ventilation process.



- Upgrade the lighting system of the railway freight yard, replacing traditional lamps with LED lamps.
- Optimize the energy structure, replacing diesel traction vehicles with natural gas traction vehicles to reduce carbon emissions.



- The lean management is adopted to conduct projects such as the renovation of pre-treatment conditioning towers and the utilization of waste heat. During the reporting period, the steam consumption per ton of soybeans decreased by 13.5 kg.



- Conduct energy-saving renovations to lighting, ventilation, and other equipment in the storage area.
- Enhance the training on employees' awareness of energy conservation, encouraging them to actively participate in energy-saving and emission reduction activities and propose reasonable suggestions.



- Promote the usage of energy-saving production equipment, such as high-efficiency motors and energy-saving heating furnaces.
- Optimize the production processes to reduce energy waste and improve energy utilization efficiency.

| Indicators | Unit | 2024 |
|-------------|------|---------------|
| Raw coal | Tons | 17,583.29 |
| Fuel oil | Tons | 109.17 |
| Diesel | L | 10,065,848.41 |
| Gasoline | L | 400,952.77 |
| Natural gas | m³ | 2,451,417.17 |
| Steam | Tons | 162,058.54 |
| Electricity | kWh | 70,518,910.06 |

Case External Air Conditioning Project for Reach Stacker

In September 2024, Chengdu Xiangdao successfully completed a two-year external air conditioning project for reach stacker. During the summer, the local temperature is extremely high and it is humid, so reach stacker drivers need to slow down and turn on the air conditioning to prevent heatstroke, resulting in a significant increase in fuel consumption. In this project, the external air conditioner was added to the reach stacker, and their own batteries were to supply power for cooling, thereby improving the working environment and reducing fuel consumption. After the renovation, the average fuel consumption of the reach stacker was reduced by 0.85 liters of diesel per hour, and a total of 1,177.25 liters of diesel was saved during the reporting period. This project effectively improved the working environment of the reach stacker during the summer, allowing drivers to work more comfortably while waiting for container loading and unloading operations, and it also significantly reduced the fuel consumption of equipment.

Case Pre-treatment Conditioning Tower Renovation Project

In 2024, due to problems such as waste of residual heat from the pre-treatment conditioning tower, impact on condensation negative pressure, and excessive steam consumption, Xiangming Oils conducted a comprehensive renovation. On one hand, Xiangming Oils transformed the steam layer of the conditioning tower into a hot water layer, reducing the original outlet water temperature from 57°C to 45°C . Xiangming Oils also moved the unused P219H descaling hot air heater to the hot air heating area of the conditioning tower at first floor, utilizing the leaching and pre-treatment condensate water to raise the hot water temperature to over 80°C . On the other hand, Xiangming Oils used the condensate water instead of steam to heat the hot air. The renovation achieved remarkable results, with the hot air temperature stabilized at 77.6°C , effectively helping the conditioning tower reduce the moisture content of soybeans. After the renovation, the pre-treatment conditioning tower could save approximately 0.4 tons of steam per hour, with a savings of 5 kilograms of steam per ton of soybeans, and it could save 4,000 tons of steam annually, effectively improving energy utilization efficiency.

Green Logistics

Railway transportation has significant advantages in terms of energy consumption and pollutant emissions. In the construction of the multimodal transport logistics system, Xiamen Xiangyu fully utilized its own resources of dedicated lines of railway, and took the "greening" as the core development concept. It actively leveraged the unique advantages of open-top container transportation to expand "road-to-railway" transportation businesses for coal, cement clinker, kaolin and other categories, which further consolidated the green transformation achievements in the logistics process, significantly reducing the comprehensive energy consumption and pollutant emissions in the logistics process. The "road-to-railway" routes of Xiamen Xiangyu had an annual transportation volume of 24 million tons¹, reducing 800,000 vehicle trips², which could reduce carbon emissions by 4.4 million tons³ annually, contributing to the development of green logistics.

Notes:
1. The annual transportation volume of the "road-to-railway" route is 24 million tons, which is approximately transportation volume of corporate railway station/yard in 2024.
2. The reduced truck transportation is calculated at an average load of 30 tons per vehicle, so that is 24 million tons/30 tons per vehicle = 800,000 vehicle trips.
3. The calculation for reducing carbon emissions by 4.4 million tons per year is as follows: (1) Calculation logic: Freight volume × Transportation mileage × (Carbon emission coefficient of road transportation - Carbon emission coefficient of railway transportation). (2) Key coefficients: The estimated average transportation mileage is 2,500 kilometers, the carbon emission volume of road transportation is 8.16 kilograms per hundred tons per kilometer, and the carbon emission volume of railway transportation is 0.8342 kilograms per hundred tons per kilometer. On average, a tree absorbs about 18 kilograms of carbon dioxide per year. (3) Thus, the calculation of 2.4 million tons of freight volume is: 240,000 × 2,500 × (0.00816 - 0.0008342), which is approximately equal to 4.4 million tons of carbon dioxide emission reduction.

Green Agriculture

Xiangyu Agricultural Products has integrated the concept of green development throughout its operations, and has focused on four key aspects to contribute to the green development of agriculture.



Green Shipping

Xiangyu SOE has adopted measures such as optimizing the hull shape, and installing front guiding pipes, rotor sails, and alternative fuels, and has focused on customer operation and maintenance as well as long-term benefits. Through a series of design concepts and solutions, it constantly improves performance indicators such as fuel consumption, harmful gas emissions, and energy efficiency management of ships, enhancing the operational efficiency and environmental protection effectiveness of the entire industry.

Pollution Prevention and Control to Promote Ecological Protection

Xiamen Xiangyu attaches great importance to the protection of the surrounding environment of its operation sites, ensuring that the discharge and disposal of all pollutants and waste materials strictly comply with the local emission standards. Moreover, the selection of all production projects and the construction of factory sites are conducted in accordance with the *Regulations on the Administration of Construction Project Environment Protection* to implement the environmental protection assessment system and the "three simultaneous" principle for pollution control, meeting the requirements of national and local ecological protection. It also avoids ecological protection areas, and never violates the ecological protection red line or the environmental quality bottom line.

Wastewater Management

The Company strictly follows the applicable laws and regulations such as the *Law on Prevention and Control of Water Pollution*, and each base/branch or subsidiary has established a management system accordingly to conduct regular maintenance of wastewater treatment facilities, ensuring that wastewater is discharged in accordance with standards. Meanwhile, the Company actively renovates technologies to reduce wastewater discharge, among which Zhuoyu Supply Chain and Xiamen Singamas do not discharge production wastewater and use such wastewater for recycling in the production system.



- Formulate the *Management System for Water Pollutant Discharge* to clearly define the management responsibilities of each department for wastewater, ensuring that the wastewater is treated to meet standards before being discharged. Meanwhile, standardize the management of the rainwater and sewage systems to prevent water pollution, and strictly manage rainwater discharge valves and initial rainwater collection pools.



- Implement the *Integrated Sewage Discharge Standard* at the third level to enhance the governance and monitoring of domestic sewage, and develop water recycling technologies to reduce emissions, properly managing the sewage treatment facilities and maintaining daily operation records.

| Indicators | Unit | 2024 |
|---|------|-----------|
| Total wastewater discharge volume | m³ | 96,040.00 |
| Chemical oxygen demand (COD) | mg/L | 123 |
| Five-day biochemical oxygen demand (BOD₅) | mg/L | 38.425 |
| Ammonia nitrogen | mg/L | 17.85 |
| Total phosphorus | mg/L | 0.548 |
| Suspended solids | mg/L | 21 |

Case

Leaching Wastewater Reutilization Renovation Project

In 2024, in order to address the problems in the leaching workshop such as waste of heat from steam condensate, unstable water volume, and the need for steam consumption by DC hot air, Xiangming Oils conducted a leaching wastewater reutilization project. This project ensured the discharge, overflow, and sewage via self-made water tanks, and purchased hot water pumps. Moreover, the old pipelines were used to connect to the DC original steam heater and the 8th water addition layer, and later, a self-controlled water tank level was added. After the renovation, the wastewater was heated by the heater to increase the temperature of DC hot air, and approximately 0.2 kilograms of steam per ton of soybean meal was saved, which not only reduced the amount of wastewater discharge but also lowered the water temperature from 65°C to 51°C , effectively alleviating the wastewater treatment burden.

Waste Gas Management

The Company strictly complies with applicable laws and regulations such as the *Law on Prevention and Control of Air Pollution*, and each subsidiary has established management systems accordingly to monitor the concentration of waste gas and constantly upgrade waste gas treatment technologies in strict accordance with national and local standards, ensuring that the waste gas is discharged in compliance with standards.



- During the production process, the emission indicators of particulate matter and paint mist are implemented in accordance with the *Integrated Emission Standards of Air Pollutants*. The VOCs emission standards shall be implemented by referring to the limits for the surface coating industry specified in Jiangsu Province's *Emission Control of Volatile Organic Compounds from Industrial Enterprises*, and the odor concentration is implemented in accordance with the *Emission Standards for Odor Pollutants*.
- The segmented workshop and pipeline fitting workshop are equipped with mobile welding smoke purifiers, which are distributed to the welding operation points in the workshop to ensure that the welding smoke in the workshop is effectively collected.
- The waste gas from the coating workshop is filtered and discharged after multi-stage paint mist filters + zeolite rotors + CO catalytic combustion/RTO combustion devices, with high treatment efficiency, effectively reducing the VOCs waste gas emissions.



- Particulate matter and emission standards are implemented in accordance with the *Integrated Emission Standards of Regional Air Pollutants*, and odor concentration is implemented in accordance with the *Emission Standards for Odor Pollutants*. The treatment process includes cyclone dust removal + heat exchange + water spray + alkali spray, and pulse dust collector for dust removal, etc.;
- In 2024, the pollution control facilities in sewage station were renovated, and the odor treatment process for the waste gas generated in the aeration tank, dosing room, and sludge temporary storage room was changed from the original low-temperature jet ionization + microwave photocatalysis to the alkali washing + water washing.

| Indicators | Unit | 2024 |
|---------------------------|-------|------------------|
| Total waste gas emissions | m³ | 1,139,963,239.28 |
| Particulate matter | mg/m³ | 4.25 |
| Nitrogen oxides | mg/m³ | 1.26 |
| Sulfur oxides | mg/m³ | 3.85 |
| VOCs emissions | mg/m³ | 14.66 |

Xiangyu SOE used environmentally friendly materials in the initial design stage to reduce VOCs emissions at the source:



Case

Upgrade and Renovate the Waste Gas Treatment Facilities in the Coating Workshop to Improve Air Quality in the Workshop

In 2024, considering the harmful impact on the atmospheric environment and personnel health from the coating workshop's waste gas containing harmful substances such as paint particles and solvent vapors, Xiangyu SOE completed the installation, commissioning and acceptance of the organic waste gas treatment renovation equipment within 210 days. After the renovation, the VOCs removal rate of the waste gas treatment system reached over 98%, and the emission concentration of waste gas from the coating workshop was stable, far below the national emission standards; meanwhile, with the help of the RTO device for heat energy recovery, the energy utilization efficiency was improved.

Waste Management

The Company strictly complies with applicable laws and regulations such as the *Law on Prevention and Control of Environmental Pollution by Solid Wastes*, and each subsidiary has established strict waste management systems and hazardous chemicals management systems, emphasizing the compliant disposal of hazardous waste to reduce its pollution to the environment. Moreover, the hazardous waste and general solid waste are classified, disposed and recycled by qualified third-party entities, achieving solid waste reduction, resource utilization, and harmless treatment. For example, the waste engine oil at Xinjiang Xiangdao was treated by incineration, and the tailings of Zhuoyu Supply Chain and Xiamen Singamas were sold to cement plants for recycling and utilization.

| Introduction | Special Focus | Consolidate Governance to Jointly Build the Foundation for Development | Green Empowerment to Jointly Build Ecological Civilization | Collaborative Growth and Coexistence to Jointly Draw a Beautiful Blueprint | Conclusion |
|--------------|---------------|--|---|--|------------|
| | | | <div><div>Xiangyu SOE</div><ul style="list-style-type: none">• In strict accordance with the applicable requirements of the <i>Standard for Pollution Control on Hazardous Waste Storage</i> and the <i>Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes</i>, sign hazardous waste transfer and disposal contracts with qualified hazardous waste disposal entities, and conduct annual management plan declaration and daily management of hazardous waste in the Jiangsu Provincial Hazardous Waste Dynamic Management System in accordance with the requirements of the Jiangsu Provincial Solid Waste Management Center.• Hazardous wastes such as paint cleaning waste, waste hydraulic oil, paint residue, waste filter elements, waste activated carbon, waste paint buckets, and grease waste from grease traps are all entrusted to qualified entities for disposal. The storage site is equipped with measures to prevent seepage and leakage in accordance with the requirements of the <i>Standard for Pollution Control on Hazardous Waste Storage</i>, and different methods are adopted for storage according to the properties of solid waste. Hazardous solid waste with high moisture content has a dedicated storage container.• General solid waste is packaged in buckets, tanks, or high-strength special packaging bags for storage.</div> | | |
| | | | <div><div>Xiangdao Oils</div><ul style="list-style-type: none">• Identify hazardous wastes as waste mineral oil, waste paint buckets, waste oil buckets, laboratory waste liquid, waste reagent bottles, waste lamps, and waste lead batteries, and formulate a special management system for hazardous waste. This system is revised once a year, and training is conducted once a year. In addition, an assessment system is provided for strict management of hazardous waste.• According to the <i>Standard for Pollution Control on Hazardous Waste Storage</i>, a hazardous waste temporary storage room is constructed, equipped with explosion-proof lamps, gas collection and purification devices, diversion channels, fire-fighting emergency equipment, and labor protection supplies.• According to the <i>Technical Guideline for Deriving Hazardous Waste Management Plans and Records</i>, the hazardous waste is identified to enter into the records, ensuring that each item is recorded, each item is labeled, and the physical items are correspondingly matched with the records.• According to the requirements of applicable laws and regulations such as the <i>Technical Specification for Setting Identification Signs of Hazardous Waste</i>, the identification signs for hazardous waste storage are updated in a timely manner, and the register, transfer and disposal of hazardous waste are implemented.</div> | | |
| | | | <div><div>Zhuoyu Supply Chain</div><ul style="list-style-type: none">• Mainly engage in grinding and screening of iron ore to produce iron concentrate powder. The hazardous wastes mainly include waste grease/waste engine oil from equipment maintenance, waste packaging materials and a small amount of residual liquid generated during laboratory analysis, all of which are transferred and disposed of by qualified entities in compliance with regulations;• Optimize the maintenance frequency and fueling volume of equipment and facilities, and introduce QR code information management. Conduct relevant training to enhance the full-process management of the equipment, and standardize the use of grease and engine oil;• Refine the hazardous chemicals management system, including management systems, stock-in/stock-out records, personnel configuration and training, etc.</div> | | |

| Indicators | Unit | 2024 |
|-------------------------------|------|----------|
| Total waste generation volume | Tons | 5,008.98 |

Resource Conservation to Develop Recycling Economy

The Company constantly deepens resource conservation and is committed to achieving efficient recycling of resources. In terms of water conservation, the Company has adopted innovative measures such as rainwater collection and wastewater reuse, significantly reducing water consumption; various measures have been implemented to save cereals, reduce losses and conduct lean shipbuilding, achieving resource conservation.

Water Resources

Subsidiaries under Xiamen Xiangyu have constantly conducted water resource conservation projects to effectively improve water resource utilization rate. Subsidiaries such as Sanmenxia Xiangdao have constructed rainwater collection tanks to recycle and reuse rainwater for cleaning containers, reducing water waste; Zhuoyu Supply Chain has formed a team dedicated to excellence, which further cleaned the bottom sludge of rainwater collection tanks to increase collection volume and also installed more filtration equipment, improving the utilization rate of rainwater reuse for production.

| Indicators | Unit | 2024 |
|-------------------------|------|------------|
| Total water consumption | m³ | 211,793.03 |
| Recycled/Reused water | m³ | 27,876.00 |

Case Use Circulating Condensate Water from the Chiller to Replace Tap Water

In 2024, Xiangming Oils made improvements to address the problem of tap water condensation in the oil content detection experiment by extraction method. It adopted a chiller to condensate in a closed-loop circulation manner, and set a constant condensation water temperature, which saved water resources while ensuring stable experimental results. After the renovation, the chiller saved approximately 210 liters of water per hour, and could save 1,500 m³ of water per day.

Material Conservation

Xiangyu Agricultural Products has implemented various measures in all logistics and transportation links to save cereals and reduce losses, effectively reducing cereal losses and improving transportation efficiency and quality. During the reporting period, the total amount of agricultural supplies and cereal/oil boxes used for production, transportation and packaging by Xiangyu Agricultural Products was 604.36 tons, all of which were made of renewable materials.

Bulk cereal container operation link

- 24-hour empty container inspection by container inspectors to ensure the integrity of the empty containers before loading
- Self-made cereal-blocking boards to prevent spillage and stealing
- Purchase moisture-proof fabric to reduce cereal moisture

Bulk cereal port loading/unloading operation link

- Belt is mounted on the loader to reduce cereal abrasion and damage
- Use compressor pumps to clean the containers for reducing residual materials in the containers, and make special hanging boxes to reduce tipping during ship loading
- Manual inspection is carried out and the stored cereals with many impurities are re-sieved to remove impurities

Cereal road and railway transportation link

- Put container flipping equipment to achieve direct loading in the warehouse
- Refine the return cereal road transportation platform
- Promote the railway container sales mode transformation to increase direct transportation ratio

Accelerate the implementation of the "zero loss" mode for railway-water-railway one-ticket transportation

- Expand 20-foot container railway handling stations for cereals from Liaoning and Jilin
- Launch port nodes that can be transported by railway in the sales area, and increase 20-foot railway container stations for inland distribution in the southwestern region

Measures for Saving Cereals and Reducing Losses by Xiangyu Agricultural Products

Xiangyu SOE starts its lean shipbuilding from the source, optimizing resource utilization at the design level.

Material Quantity Optimization

Compare with the material quantity of advanced domestic shipyards, conduct light-weighting and standardization equivalent optimization, and according to the actual production conditions, op-timize the design from three dimensions: direct material usage, main machining, and process machining material quantity control, reducing material quantity.

Structure Optimization

Adjust the structural form, size, and position layout to optimize the weight, stability, and rigidity of the ship, achieving partial cost reduction and efficiency improvement.

Lean Production Measures of Xiangyu SOE

03

Collaborative Growth and Coexistence to
Jointly Draw a Beautiful Blueprint

Concept

Holding the concept of innovation-driven development, Xiamen Xiangyu deepens the construction of digital platforms; it optimizes the merchant management system to strictly ensure the security of goods ownership and customer rights & interests; it focuses on the people-oriented principles to establish channels for employee growth, stimulating the internal driving force of the team; meanwhile, it actively fulfills social responsibilities to integrate corporate development with social needs, and continuously engages in public welfare activities and empowers rural revitalization, achieving a coordinated improvement on economic benefits and social value.

Our Actions

- Innovation-driven, Escort Industrial Upgrading
- Gather Sincerity, Build Cooperative Ecosystem
- People-oriented, Compose a Bright Future
- Take Responsibility, Share Development Achievements



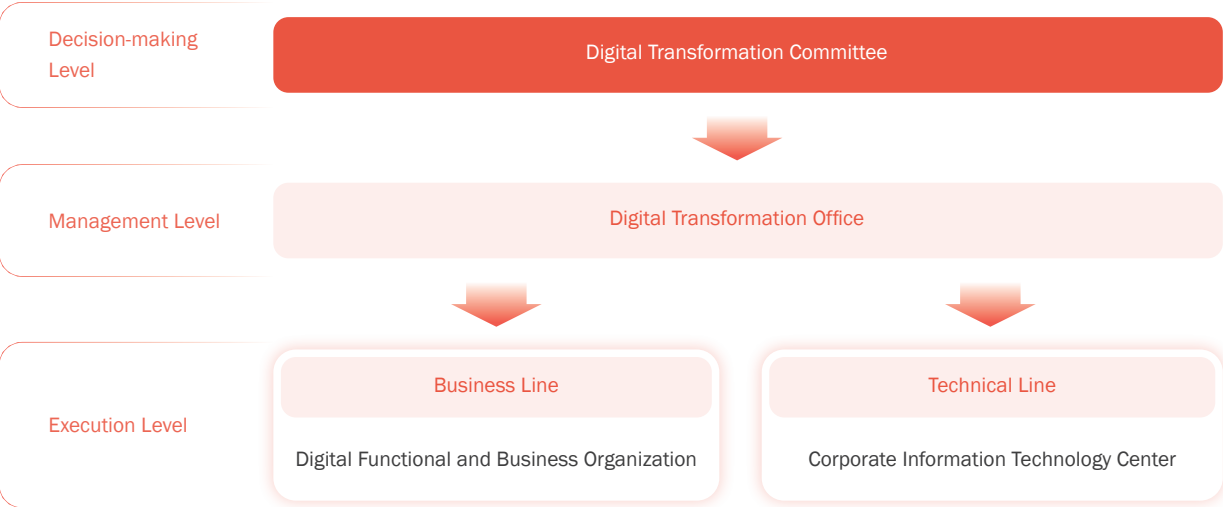
Innovation-driven, Escort Industrial Upgrading

Based on digital intelligence empowerment and innovation-driven strategies, Xiamen Xiangyu deepens the integration between digitalization technologies and business scenarios, and conducts independent research and development to launch efficient and smart digitalization service systems and differentiated innovative products. While accelerating the implementation of technologies, it strictly builds data security shields and establishes a full-chain privacy protection mechanism to ensure the controllable security of user information and operations, which achieves the coordinated development between technological innovation and security trustworthiness, constantly creating smart and high-value service experiences for customers.

Digital Intelligence Empowerment

Digitalization Governance

To solidify the achievements of digitalization transformation, the Company has established a digitalization organization system. A Digital Transformation Committee composed of the corporate senior executive team is responsible for decision-making on digitalization construction; the Digital Transformation Office is responsible for coordinating the implementation of key strategic projects at the corporate level to ensure the effective integration of digitalization requirements of business lines; and the Information Technology Center, as the innovative information body for digitalization implementation, promotes the practical implementation of the digitalization strategy both directions: from top to bottom, and from bottom to top.

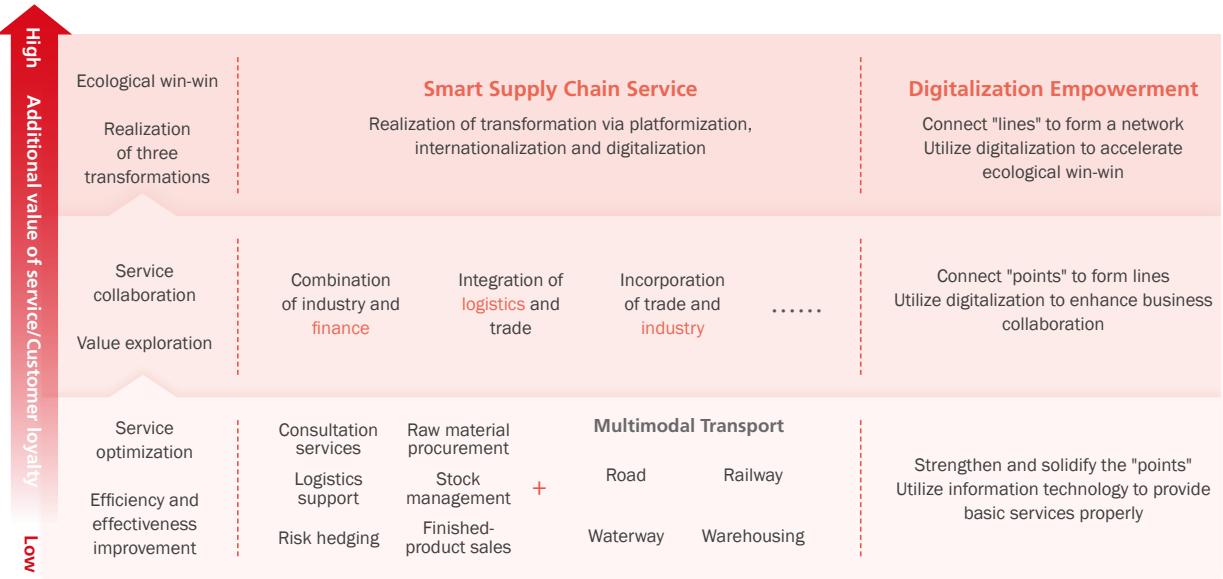


Digitalization Transformation Governance Structure

Digitalization Strategy

As a leading enterprise of the staple commodity supply chain industry in China, Xiamen Xiangyu, leveraging its vast business data, extensive customer resources, and numerous application scenarios, has been fully committed to promoting digital transformation and upgrading. It has successively launched digitalization service systems such as the Smart Transportation Network Freight Platform, Cloud Supply Chain Portal, and "Yu Lian Tong", helping to address the core difficulties of the industry. In the context of green transformation, the Company has successfully applied the digitalization achievements of "Yu Lian Tong" and Smart Transportation Network Freight Platform to address the core difficulties in the industries such as metal minerals, agricultural products, energy & chemicals, and new energy, effectively improving the efficiency of supply chain circulation and reducing circulation costs.

The corporate digitalization transformation strategy adheres to the principles of "overall planning, phased implementation, and prioritizing urgent needs", ensuring that digitalization projects can be conducted in a targeted and progressive manner. Through the online, data-driven, smart, and collaborative transformation of business operations, the Company is committed to becoming a leader in smart supply chain services and a pioneer in industrial Internet, and conducts its work around five key tasks: "focusing on customers, enhancing efficiency and effectiveness, industrial interconnection, swift response, and organizational transformation".



Digital Smart Service System

Digitalization Achievements

The Company constantly upgrades the Xiangyu Smart Logistics Digitalization Network to build a comprehensive supply chain service system, aiming to conduct integrated management on data related to customer logistics, business flow, information flow, and capital flow. On the one hand, through the three-line linkage of business, risk control, and supervision, it enhances the comprehensive management of the supply chain to realize smart processes, online services, and industrial ecologization. On the other hand, through online management and tracking of the full supply chain, it further standardizes and normalizes the management on contract signing, commodity procurement & sales, stock management, import & export trade, receivables and payables, and other supply chain behaviors.

Case Cloud Supply Chain Portal to Achieve Cost Reduction and Efficiency Improvement

The Company builds an online service portal – "Cloud Supply Chain Portal", which extends informatization services from the Company to relevant parties in the supply chain, providing all-round, efficient, and convenient supply chain operation services for downstream merchants. In 2024, the Company completed the upgrade to version 3.0. Due to the immutable and decentralized characteristics of block chain technology, it played a crucial role in the key traceable nodes in customer trade operations (such as registration, pick-up, receipt confirmation), which not only ensured the authenticity and security of trade data, but also achieved blockchain management of the entire process instructions, improving the transparency and feasibility of data management. Meanwhile, this upgrade realized real-time query of main information on the sales end chain, online self-service pick-up for users, confirmation of payment receipts, invoice inquiries, and other functions, which greatly simplified the process for customers in high-frequency business scenarios, providing more convenient, efficient, reassuring, and worry-free services for the Company and its external parties. In 2024, 604 service merchants were added on this Platform, with a cumulative 77,094 orders and pick-ups, and a total value of up to CNY 52.695 billion.

Case International Logistics Smart Services to Enhance Link Traceability

The Company's international logistics business of new energy has been growing year by year, gradually expanding from "port-to-port, single-link" services to "end-to-end, integrated" full-chain logistics. Currently, it has achieved direct services to 26 countries and regions around the world. In terms of exports, the Company's cumulative service volume for photovoltaic, energy storage products, factory construction materials, and equipment ranks among the top in China. In terms of imports and re-exports, the Company constantly raises the integrated service level of the entire process of mineral products and metal products, and constantly explores mode innovation to launch a series of flexible combinations. Moreover, in addressing customers' demand for full-process node information interaction, the Company has launched the smart services of international logistics based on the cloud supply chain portal system, achieving functions such as full-process visibility of containers, timely abnormal warning management, and efficient risk response, and the cooperative customers can also directly view real-time information of order trajectories via the "sharing" function, ensuring the quality of goods delivery and customer service level.

Case Smart Warehousing to Achieve Operation Automation

The Company has built the smart warehousing to comprehensively integrate smart terminal equipment, automated operation systems, and cross-platform collaborative networks, achieving a digitalization upgrade of the entire warehousing operation process, which effectively improves management accuracy and operation efficiency.

- Online self-service for drivers

The pick-up drivers can query the delivery documents online via the WeChat official account, and OCR will automatically verify user identity information. After completing information entry and document processing, the pick-up vehicles can directly enter the warehouse via the smart gate, without having to get off the vehicle to complete the document and payment procedures, significantly reducing warehouse operation costs.
- Full warehouse coverage of PDA devices

69 warehouses and 449 warehouse management personnel in the system have fully adopted PDA handheld devices. By scanning codes, they can automatically obtain basic information of the goods and complete information entry and shelving.
- OCR automatic identification system

The OCR technology is deployed in the stock-in and stock-out links to automatically capture key field information of paper documents, achieving the precise and automated data collection.
- Construction of smart driving system

The smart warehouse in Xinhui has been newly launched to integrate the automated driving system and smart dispatch module, improving the efficiency of heavy goods storage and delivery operations.
- Construction of smart picking hub

The logistics system docks with customer stock-out instructions, and the smart picking algorithm automatically locates picking and distribution positions and plans the optimal picking path, significantly improving the efficiency of warehouse stock-out operations.
- Cross-system collaborative operation platform

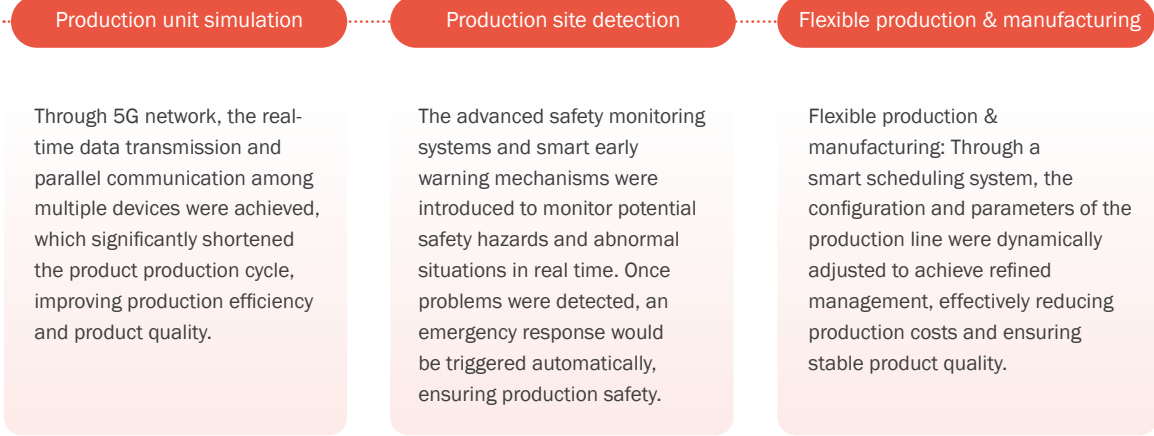
The smart logistics system builds a cross-system collaboration ecosystem with key customers and logistics suppliers. The customer system docking program can realize the online transmission of stock-in/stock-out, and cargo transfer instructions, creating an efficient collaborative mechanism for goods ownership under the security supervision; after the external truck fleet docking program is launched, it can conveniently issue road transport tasks and track the dynamic of road transportation.

Case ATS New Electronic Bill Project to Enhance Management Efficiency

In August 2024, the ATS new electronic bill project was officially launched. The new electronic bill module has completed the reconfiguration of the system to support electronic bill innovation and the compatibility of traditional bill business. It integrates the core bill business processes, such as acceptance, endorsement, and pledge, and optimizes the operation process and payment credit management. This demonstrates the efficiency and wide acceptance of the new generation of bill system in practical applications, and it significantly enhances the efficiency, security, and transparency of fund management, providing real-time and accurate data support for corporate's strategic decisions.

Case Selection into the 5G Factory List to Achieve Digital Transformation Breakthrough

In addressing the common problems in the shipbuilding industry such as low production efficiency, differences in labor quality, and safety hazards, Xiangyu SOE relies on 5G technology to build a three-layer network architecture composed of core network, edge computing nodes, and terminal devices, and it successfully optimized multiple scenarios such as production unit simulation, production site detection, and flexible production & manufacturing. After the program application, the production efficiency was increased by 21%, while production costs were reduced, and the full-process safety monitoring, smart logistics, and industrial chain collaboration were successfully implemented on a large scale.



In 2024, relying on two specialized projects: "LES Logistics Implementation System" and "IoT Data Collection Platform", Xiangyu SOE was selected into the 2024 5G Factory List released by the Ministry of Industry and Information Technology of the People's Republic of China, marking the phased achievement of corporate digitalization transformation.

Research Development

To solidify the position of scientific and technological innovation body, Xiamen Xiangyu has established a three-level research system composed of "Group Headquarters Research Institute, Corporate Industry Research Department, and Frontline Operating Entity Research Departments", and it has a number of full-time research teams to conduct research tracking from three dimensions: macro, industry, and product. Meanwhile, the Company is accelerating the promotion of advanced technologies (such as AI and block chain) to be applied in the supply chain industry scenarios. It has established unique industrial synergy advantages in strategic industries such as new energy and high-end manufacturing, and constantly intensifies the digitalization, intelligence, and green transformation of the supply chain. The subsidiary of the Company, Xiangyu Smart Technology, has been recognized as a "Municipal Small and Medium-sized Enterprise with Specialized, Refinement; Differential and Innovation Characteristics", Xiangyu SOE has a provincial-level technology center and a provincial-level engineering research center, and Beijing Xiangyu Digital Technology has been recognized as a "National High-Tech Enterprise".

Upgrade the internal R&D management mechanism.

Focusing on the six links of "strategic planning & project initiation decision-making, demand management, project management, quality assurance, knowledge management, and personnel management" and oriented by market demands, conduct end-to-end full-process responsibility planning to enhance R&D efficiency.

Enhance cooperation with external technological innovation suppliers to improve R&D capabilities.

Share professional knowledge and experience with partners in respective fields to promote innovation exchanges and cooperation, and jointly explore the application scenarios of new technologies (such as AI and blockchain) in the supply chain domain via communication and exchanges with leading enterprises in big data and artificial intelligence.

Uphold the core position of innovation to actively select and cultivate R&D backbone personnel with multi-disciplinary backgrounds.

Establish a research-oriented talent business mentor management system and job rotation training program to implement the "Professional Capacity Enhancement Roundtable Discussion" project, and stimulate internal innovation vitality via multiple measures such as internal competition mechanisms and incentive mechanisms. In addition, the R&D backbone personnel take the lead to present 13 innovative practical achievements in multiple cutting-edge technical fields such as algorithms, AI large models, and automated application scenarios.

Root in the front line to empower front-end users with digitalization tool applications.

According to the demands of front-line users, conduct digitalization practice training camps represented by micro-application tools such as ShadowBot RPA and FineBI, allowing users to establish a connection with digitalization.

Digital Project R&D Management Strategy

Case Technological Innovation in Green Ships and Marine Engineering Equipment

Xiangyu SOE focuses on research on new theories and methods for green ships and marine engineering equipment technologies, aiming to address major and key technical issues in green ships and marine engineering equipment, and it is committed to establishing a research hub for green ships and marine engineering equipment technologies in China as well as a discipline and technological innovation base with international influence. Moreover, it aligns with the world's cutting-edge scientific research and practical technologies, promoting the engineering progress of green technologies in the shipbuilding and marine industries in China. In addition, the new product R&D enables the corporate ship products to become further green and environmental, reducing ship energy consumption and pollution to meet environmental protection requirements.

Xiangyu SOE Jixiang series 63,800-ton bulk carrier



The product has green and environmental properties. According to calculations, when this ship sails at an economic speed of 12 knots, its CII rating can remain at Level A by 2030.¹

38,000-ton duplex stainless steel chemical carrier



Due to the outstanding corrosion resistance, high strength and toughness of duplex stainless steel materials, plus the energy-saving & environmental protection design and efficient cargo system, it has become a benchmark product in the global chemical carrier industry, featuring safety, economy and environmental friendliness.

Note: CII is an indicator for measuring the operational efficiency of ships, which is applicable to ships with a gross tonnage of 5,000 GT or above. CII represents the amount of carbon dioxide emitted per sea mile for each unit of cargo transported. According to the IMO regulations, operating ships must be subject to annual operational CII verification and be rated in the range Grade A to Grade E according to the ship's performance, among which, Grade A represents the highest efficiency and Grade E represents the lowest efficiency.

The Company strictly complies with applicable laws and regulations such as the *Patent Law* and the *Trademark Law* to constantly refine the intellectual property protection, ensuring that others' and proprietary intellectual property rights are not infringed.

In 2024, the Company held **127** patents in total, including **26** invention patents and **101** utility model patents, while the Company cumulatively held **17** software copyrights in total, and also cumulatively obtained **147** trademark registrations in total.



Information Security

With the constant advancement of digitalization transformation, the information security not only concerns the daily corporate operations, but also becomes the corporate's technological moat.

Information Security Governance

Xiamen Xiangyu has formulated the regulations such as the *Information Security Management System* and the *General Regulations for Information Security Management*, establishing an information security management structure with the Information Security Management Committee as the highest decision-making and deliberation body, the Information Security Work Group as the implementation body, and the information security responsible persons of subordinate enterprises as the ultimate implementation body. The members of the Information Security Management Committee are the same as those of the Digitalization Transformation Committee, ensuring the security of information during corporate digitalization transformation process.

Information Security Strategy

Adhering to the policy of "prevention orientation, holding the bottom line, and constant improvement", Xiamen Xiangyu constantly standardizes and refines the full-process data security management strategies from data collection, storage, transmission, usage, exchange to destruction, and it has jointly established a sound information security protection system together with a professional third-party institution with ISO 27001 information security management system certification, ensuring the effective implementation of information security management.

Information Security Risk Management

In the event of a data leakage, the Company may encounter negative impacts such as a crisis in customer trust, operational disruptions, direct financial losses, and legal proceedings. Therefore, the Company comprehensively identifies the potential risks of data leakage and damage at all links of the data's entire life cycle, and adopts systematic management and technical solutions to ensure the security and reliability of the data's entire life cycle. Moreover, the user information collected by corporate digitalization platform is all necessary data for offline services, transactions, and management, which does not exceed reasonable limits and is all based on the voluntary authorization of users, meeting the commercial practices. During the reporting period, the Company did not experience any major information security incidents.

Management Measures

- Develop specific management methods and implementation rules for various themes such as risk management, incident management, cybersecurity, terminal security, and data security, and enhance institutional constraints;
- The operation entities of "Xiangyu Smart Transportation" and "Xingxing Xiangnong" have both passed the third-level security protection qualification filing;
- Establish application security testing norms, and conduct security tests on newly launched applications and existing applications. In 2024, a total of 20 application security tests were conducted, and security risk reinforcement was promoted;
- Constantly conduct information security tour inspections. Approximately 720 tour inspections were conducted in 2024, achieving risk prevention and timely response;
- Focus on building an active security defense system, and together with third-party professional institutions, conduct information and data security attack and defense drills, checking and supplementing corporate security protection system from the perspective of attackers, and forming a summary report;
- Conduct information security awareness training, covering approximately 1,000 person-times to enhance the information security awareness of relevant personnel.

Technical Measures

- The users' personal data collected is mainly stored on Alibaba Cloud, and relevant data is also backed up and saved in the local data center;
- The technical measures such as access control, information encryption, and anti-intrusion and leakage prevention are used to achieve full-process information security risk prevention and control;
- Enhance network security protection and detection via firewalls, application security firewalls, and situational awareness.



Information Security Training

Gather Sincerity, Build Cooperative Ecosystem

Xiamen Xiangyu always adheres to the business operation philosophy of "creating circulation value and serving corporate growth" to actively respond to customer demands, and integrates high-quality resources to provide customers with diversified service packages, outputting integrated supply chain solutions in a customized manner.

As a supply chain service enterprise, the corporate business partners include suppliers, customers, and merchants, among which, merchants are both suppliers and customers, and can be deeply cooperated at both the procurement and sales ends. Moreover, the Company is committed to establishing long-term and benign cooperative relationships with its business partners, maximizing customer value and job value. In addition, the Company constantly enhances the supply chain management, and focuses on building a safe, stable, smooth and efficient industrial chain and supply chain system, creating a mutually beneficial and win-win value ecosystem.

Merchant Management Services

Merchant Governance

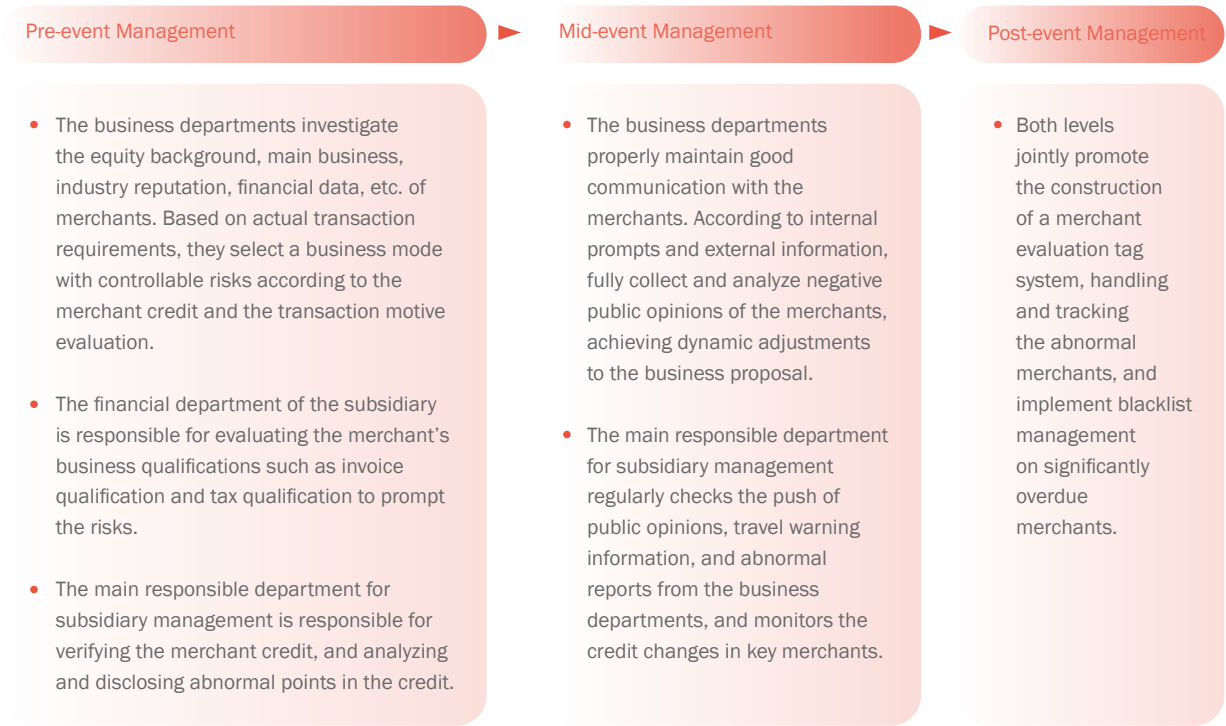
Merchants, as important partners in the Company's business ecosystem, play a crucial role in the corporate operation and development, and the effective management of merchants is a key element in the corporate risk management. Therefore, the Company has established a two-level governance structure to constantly refine the merchant management system.



Merchant Two-level Governance Structure

Merchant Strategy

The Company constantly enhances the dynamic tracking of merchant credit information to achieve effective control on the entire cycle of merchants, and implements the hierarchical and categorized management for strategic merchants. It encourages all levels to jointly participate in the maintenance of strategic merchant relationships to enhance the flexibility and effectiveness of resource integration, responding promptly to merchant demands.



Credit merchant management

The credit-granted merchants must have a promising industry outlook and sound financial status. Within the past 6 months before applying for credit, the first responsible person for business must conduct an on-site investigation and dynamically track the usage of the credit limit.

Non-credit merchant management

The business units need to control the implementation of upper credit limit according to merchants' business conditions and turnover capabilities, so as to ensure smooth business turnover.

Requirements for Classification Management on Different Merchants

Merchant Risk Management

While refining the management system, the Company enhances merchant risk management via various measures, including environmental and social due diligence, dynamic management, and digitalization construction to ensure the compliance, stability, and sustainable development capabilities of partners, providing a safeguard for the supply chain security and the stable business operation.

Environmental and social due diligence

During the due diligence and evaluation process of merchants, the Company focuses on investigating the environmental protection input, production safety conditions, and employee rights & interests protection of the cooperative merchants, and prioritizes selecting green development enterprises to ensure the sustainability of the supply chain.

Dynamic management of merchants

Actively explore new channels for merchant information to obtain a wider range of merchant credit management information sources, and establish a sound public opinion monitoring system to conduct public opinion investigations around key merchants. Utilize the classified investigations and dynamic warnings to detect potential risks in advance, and take timely measures to control such potential risks.

Digitalization construction of merchant management

Implement comprehensive merchant management from all perspectives, and build merchant 360 system to form a merchant life cycle data kanban integrating litigation, public opinion, credit limit, overdue, and cooperation status modules, providing data support for risk control and business operation decision-making.

Merchant Management Measures

Supply Chain Stabilization and Strengthening

As a supply chain service enterprise, Xiamen Xiangyu not only pays attention to the management of upstream suppliers, but also attaches great importance to the management of its own supply chain security. While enhancing the procurement management, it strictly controls supply chain risks to effectively safeguard supply security.

Supplier Management

During the procurement process, the Company adheres to the principles of "openness, transparency, and merit-based selection". The Company and its subordinate companies have formulated relevant documents such as the *Procurement Management System* and the *On-site Inspection Operation Guidelines for Spot Procurement of Staple Commodities* based on their business properties to clearly define the responsibilities of the procurement departments, promoting the standardization, processization, and efficiency of the procurement.

Logistics Supplier Management

In the *Logistics Supplier Management System*, the Company has clearly defined the admission, assessment, and withdrawal mechanism for logistics suppliers to actively prevent logistics operation risks and optimize the structure of logistics resources, enhancing corporate trade logistics allocation capabilities and raising the overall level of logistics services.

Admission and investigation mechanism

The Company has established a sound logistics supplier admission process to ensure that the partners meet the business requirements and possess the necessary qualifications. New suppliers must be subject to initial investigation, including credit status, management capabilities, and risk control of goods ownership, and will be reviewed in accordance with domestic & foreign policies and industry regulations. Logistics suppliers also must be subject to a secondary investigation, which is reviewed by the Logistics Management Center to ensure controllable risks. For urgent business, a single-ticket review & approval mode can be adopted by the Company, however, for long-term cooperation, it is still necessary to be admitted according to the regular investigation process.

Hierarchical and dynamic management

The Company conducts classification and hierarchical management on suppliers based on their qualifications, cooperation history, and management level. Different grades correspond to different cooperation standards, return visit frequencies, and risk control measures. For example, Grade A suppliers are the Company's own or controlled entities, which can be exempted from return visits, while Grade E suppliers, due to abnormal situations, are necessary to enhance tour inspections. The Company conducts dynamic adjustments on suppliers every year to ensure optimized resource configuration.

Management on abnormalities and risk warning

The Company set a clear handling mechanism for abnormal supplier situations, including black list and gray list. The suppliers on black list are generally prohibited from cooperation for two years, and can only be restored after re-investigation. The new cooperation for the suppliers on gray list is suspended, and the decision to restore depends on the evaluation situation. In addition, the Company utilizes the abnormal feedback mechanism of logistics to monitor high-risk abnormalities in the cooperation in real time. If necessary, the logistics program will be adjusted to ensure business security.

Corporate Logistics Supplier Management Mechanism

During the reporting period, the number of the Company's logistics suppliers was **3,646**. The coverage rate of logistics supplier assessment reached **100%**, and the pass rate of the assessment was **93.15%**.

Xiangyu New Energy

Establish a logistics supplier management system to form a strict full life cycle management system for logistics suppliers, and evaluate the admission qualification of some suppliers via ESG scores, carbon footprint data, and emergency response capabilities. Moreover, conduct regular management and optimization on different qualified suppliers, and promptly eliminate the suppliers failing to meet the standards. Furthermore, evaluate the admission qualification of business partners and conduct regular assessment to implement a dynamic assessment mechanism and flexibly adjust the cooperation volume. In addition, rely on the smart logistics platform to integrate the supplier data (such as transportation trajectories, public opinion tracking), achieving shorter handling response times and dynamic management adjustments on abnormalities.

Xiangyu Agricultural Products

Formulate the *Procurement Management System* for the rice processing and sales end to optimize the procurement process, and strictly implement the centralized purchase, e-commerce procurement, inquiry and tender, and other methods to improve procurement efficiency and transparency. Meanwhile, all non-publicly tendered suppliers are required to obtain the Group's qualification certification to reduce procurement risks, ensuring the continuity and safety of agricultural product supply.

Xiangyu Oils

Implement 100% full-process supervision on suppliers, including supplier evaluation, qualification review, pre-job training, safety inspections, and payment of employer liability insurance;

Formulate the *Acceptance Standards for Raw Materials and Auxiliary Materials* and the *Verification System for Raw Materials, Auxiliary Materials and Packaging Materials* to standardize the verification process, and clearly define the acceptance indicators, inspection methods, and disposal standards for various raw/auxiliary materials and packaging materials, ensuring the quality and stable supply of oil products.

Supplier Management Measures by Each Subordinate Business Sector



The Company implements a comprehensive due diligence and evaluation mechanism to strictly supervise its business partners in terms of environmental protection, social responsibility, and labor rights & interests, ensuring that the suppliers meet corporate's sustainable development standards. The Company not only conducts detailed reviews during the admission stage, but also continuously tracks and assesses during the cooperation process. It takes corresponding measures against business partners that do not meet the requirements so as to maintain the stability of the supply chain and corporate's social responsibility. Meanwhile, the Company requires all suppliers to sign the *Integrity Agreement* during the cooperation.

The Company attaches great importance to the full life cycle management on suppliers and customers, covering admission, process tracking and post-evaluation, all of which focus on their social and environmental values and responsibilities.

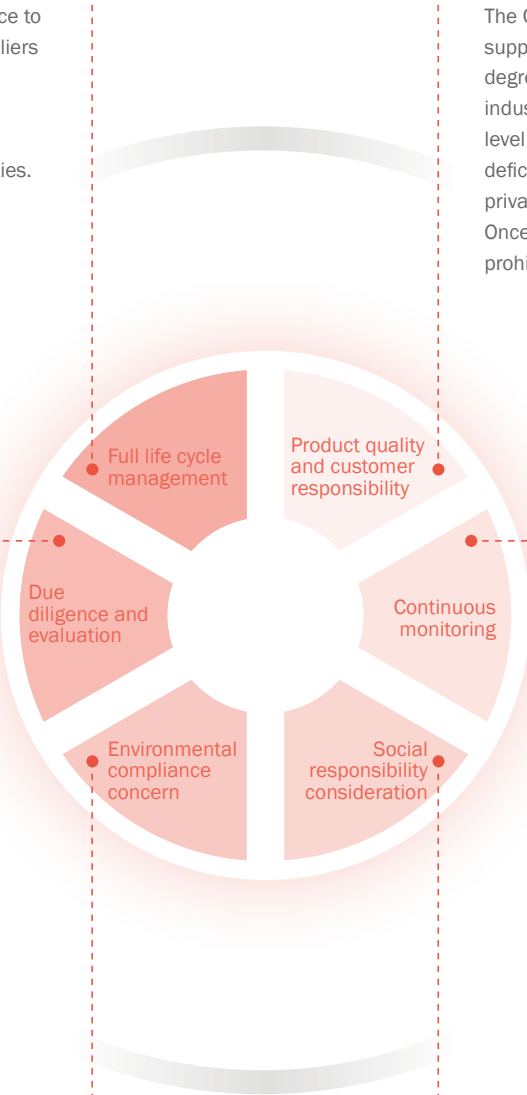
The Company focuses on the quality of suppliers' products and their responsibility degree to customers, understanding their industry reputation, and maintains a high level of attention to social responsibility deficiencies such as malicious fraud, privacy infringement, or unfair competition. Once verified, the cooperation will be prohibited.

In the decision-making link of supplier admission and evaluation, the Company considers the input and performance of the cooperative suppliers in environmental protection, production safety, and protection of employees' rights and interests, which will be used as the basis for business resource allocation, and the Company will prioritize selecting the green development enterprises to ensure the stability of the supply chain.

After supplier admission, the Company continuously monitors their performance in environmental protection, and the public opinion monitoring program is used to classify environmental negative public opinions as high-risk, evaluating their impact and adjusting the business cooperation program accordingly.

For production & manufacturing suppliers, especially those in high-carbon industries, during the on-site investigation, the Company pays attention to their environmental compliance issues, including equipment environmental compliance, advanced production technology, pollution and waste utilization design, and the rectification of past environmental punishments.

The Company pays attention to the rights & interests and labor protection of suppliers' employees, and the public channels and on-site investigation are used to understand the working environment, production safety awareness, employee treatment, and internal management, evaluating the stability of human resources.



Supplier's ESG Assessment Dimensions

Supply Chain Operation Risk Management

In recent years, the uncertainty of the global trade environment has increased, and the international trade frictions, geopolitical conflicts, local wars, and sudden "black swan" events, led to increased potential risks in supply chain management. In the commodity operation and logistics sector, the Company focuses on goods ownership management, smart logistics, and risk control to build a safe and stable supply chain logistics management system.

Logistics Supply Chain Operation Risk Management

Establish goods ownership security management system

The Company formulates regulations such as the *Management Regulations for Logistics Abnormality Feedback*, the *Transportation Management System*, and the *Warehousing Management System* to clearly define the re-sponsibilities for goods ownership manage-ment. Moreover, the Company establishes a goods ownership risk identification network via "cross-region, cross-border, cross-industry" collaborative mechanism. In terms of overseas aspect, constantly optimize the cross-border goods ownership control mode. In terms of domestic aspect, collaborate with industry partners to enhance the on-site goods ownership management, strengthening risk prevention capabilities.

Optimize logistics risk control management

The Company implements classified management on high-risk transfer nodes, delivery modes, key products, and new business modes, and enhance tracking and control to regularly review logistics risks, optimizing control programs. Relying on the smart warehousing system, the Company promotes digitalized stock management to improve stock turnover efficiency. Meanwhile, the Company builds a two-level auditing and inspection system to strengthen process monitoring of logistics operations, ensuring compliance and efficiency in operations.

Refine insurance and liability recovery mechanisms

The Company formulates the *Insurance Management Regulations* to establish an insurance group for coordinating the management on goods ownership insurance affairs against logistics abnormalities, ensuring that the recovery mechanism can be quickly initiated when goods ownership is damaged. For risks in business operations, ensure that full insurance coverage and adequate insurance premiums are paid to safeguard corporate property and goods safety. Based on liability division, clarify the disposal program to increase the success rate of claims and recovery, ensuring the rights and interests of the Company and customers.

Supply Chain Risk Management Mechanism of Logistics Sector

Pre-event Management

- Conduct the investigation and admission of logistics suppliers, and the due diligence for project-based business logistics management, and set the review and approval paths based on multiple dimensions such as whether controlling goods in the logistics cooperation mode, and the qualification background of the sub-suppliers.

Mid-event Management

- Conduct "Three Unfixed" warehouse inspection mode for logistics suppliers under goods ownership, logistics supplier return visits, market public opinion capture, tracking of abnormal logistics goods ownership, internal audit of logistics control, etc. Based on the problems identified during the above management process or changes in the operating conditions of the logistics suppliers, dynamically adjust the cooperation program with the logistics suppliers.

Post-event Management

- Establish black list and gray list management standards for external logistics suppliers, and include in the black list and gray list management on logistics suppliers with abnormal behaviors that can't be effectively resolved, while keeping the right of recourse according to the responsibility division.
- Conduct audits and evaluations on internal logistics operation standardization, and perform assessment management on the responsible General Managers and Deputy General Managers.
- Establish an insurance group to coordinate the management and effectively recourse against the insurance affairs with abnormal goods ownership.

Full-process Management of Logistics Supply Chain

Case Jointly Build a Supply Chain Security Shield to Identify Overseas Logistics Risk Points

As the internationalization strategy constantly advances, the operation and management mechanisms of overseas logistics have received increasing concern. To further support the expansion of international business and respond to the front-line needs, the corporate's Logistics Management Center held two functional safeguard sharing sessions of international logistics in October 2024. The sessions focused on discussing the logistics environment, policies, logistics resources, and potential risk points in multiple key regions such as Africa, Europe, Asia, Middle East, and Southeast Asia, and proposed targeted localized response strategies to directly address the pain points in overseas business operations, which attracted the participation over 700 person-times.



Training Venue

Case Xiangyu New Energy Optimizes Supply Chain Risk Management to Enhance Supply Chain Resilience

Xiangyu New Energy collaborated with storage providers, transportation companies, customs brokers, and other partners to establish a sound safety management system for storage and transportation, and also built a monitoring system covering the entire process. Moreover, it strengthened risk management according to the characteristics of the new energy industry (such as lithium battery transportation safety, overseas carbon tariffs), and it requires suppliers to hold 100% of relevant hazardous materials certifications and to conduct regular safety and emergency drills. Meanwhile, Xiangyu New Energy, according to the characteristics of the new energy industry, developed the personalized smart logistics platforms and integrated digitalization services such as network freight platforms and supply chain finance, achieving full-chain visualization and smart management. In addition, through dynamic and real-time tracking of digitalization means, Xiangyu New Energy effectively improved supply chain efficiency and reduced costs, and precisely responded to customers' diverse demands so as to effectively control supply chain risks, helping the supply chain management upgrade towards efficiency, stability, and intelligence.

For the production & manufacturing sector, the subordinate units of the Company actively evaluate the supply chain risks to set annual procurement targets and evaluate supplier supply risks and quality risks, and implement rapid responses to production safety, operational disruptions and supply crisis caused by major market fluctuations, public emergencies or natural disasters, ensuring the security and stability of the supply chain.

Case Xiangyu SOE Optimizes Procurement Management to Ensure Stable and Safe Supply

In 2024, due to tight market supply & demand and multiple acceleration of production program, the material supply of Xiangyu SOE faced challenges. To effectively control the procurement risks, Xiangyu SOE classified the materials into Categories A, B, and C based on their importance to the production nodes, and set an early warning mechanism to establish a refined tracking management system, ensuring the stability of key material supply, ultimately reaching the successful achievement of the annual production target.

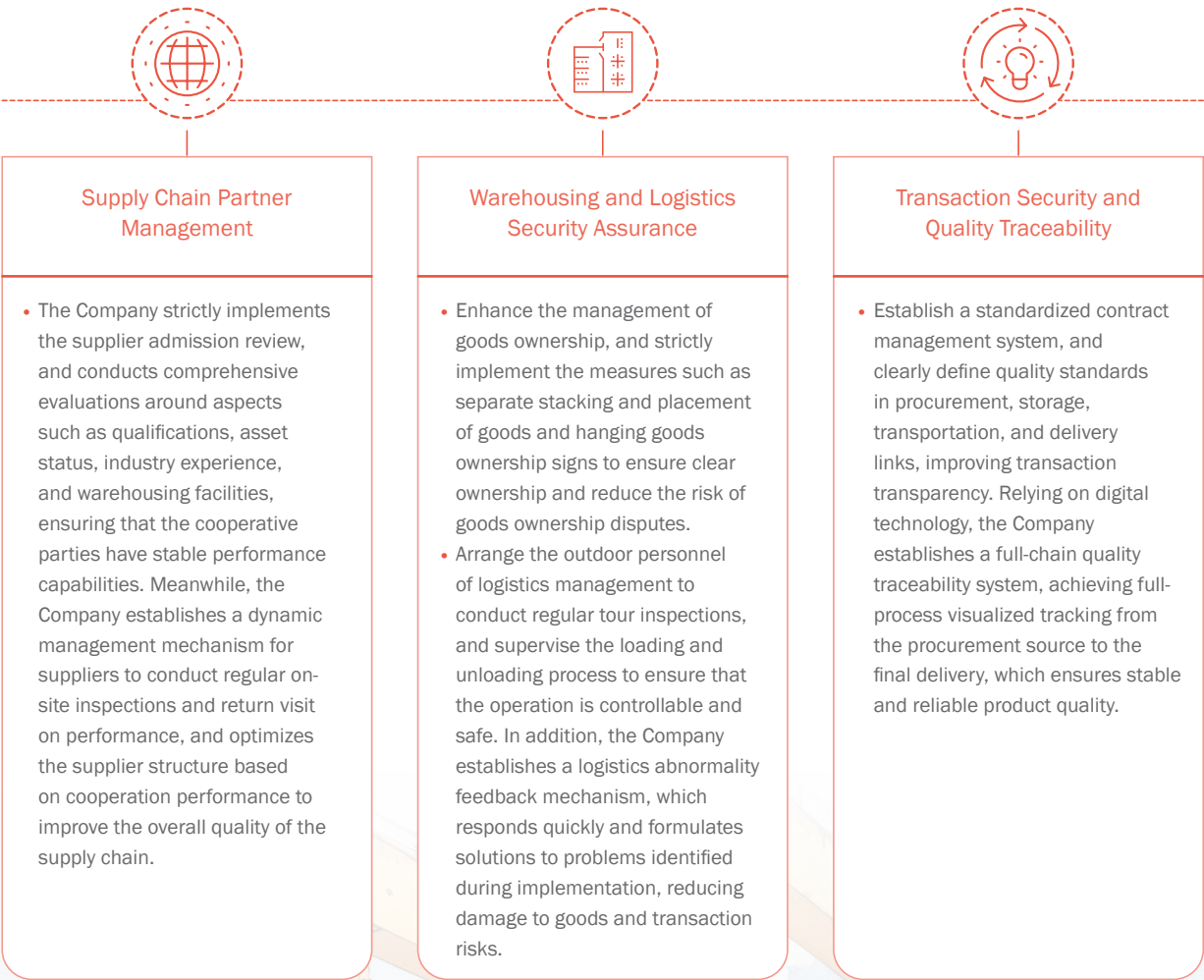
Facing the uncertainty of steel plate supply, Xiangyu SOE optimized the procurement management mode to standardize the procurement process, and implemented the kanban management to strengthen process control and assessment review of steel mills, steadily increasing the steel plate delivery rate to ensure the complete supply.

Meanwhile, Xiangyu SOE actively innovated the procurement mode, and locked the procurement price of steel plates in advance according to the market trends and production needs. Moreover, Xiangyu SOE dynamically adjusted the procurement strategy, and the annual procurement cost was saved by CNY 187 million compared to the budget, achieving cost reduction and efficiency improvement, which further enhanced the supply chain resilience and operational efficiency.

Improve Service Quality

Quality Assurance

The Company relies on the "supply chain service and production & manufacturing" industrial chain operation mode to implement comprehensive quality management for products and services according to specific requirements of each business sector, and it establishes a quality management system covering concept, strategic design, system formulation, training & education, testing and inspection, product traceability, product recall, complaint management, and qualification certification, which ensures compliance of business operations, stability of services, and reliability of products, effectively safeguarding customers' rights & interests and the stable corporate operation.



Measures for Ensuring Supply Chain Service Quality

In addition, each subordinate unit of the Company has established a strict quality management system based on its business properties, and the sound system/regulations, refined process control, and advanced management methods ensure the safety and reliability of products, improving customer satisfaction. During the reporting period, 7 subsidiaries of the Company obtained ISO 9001 quality management system certification.

Xiangyu Agricultural Products

- For the rice processing and sales end, it has formulated normative documents such as the *Raw Material Stock-in and Stock-out Management System*, the *Production Management System*, the *Finished Product Packaging Management System*, and the *Safety Management System for Prevention of Food Cross-Contamination*, enhancing the full-process quality management. It strictly implements the raw cereal stock-in and stock-out management, workshop production changeover control, and product marking and traceability system, ensuring that the quality of raw materials and finished products meets the national and corporate standards. Meanwhile, it establishes a quality inspection management system to conduct strict inspections on stock-in and stock-out cereals, raw cereals for processing, finished products, and by-products, ensuring stable and conformed product quality. Additionally, it strengthens food safety and hygiene control, and implements measures such as foreign object control in the workshop, personnel hygiene management, prevention of cross-contamination and pest & rodent control to strictly restrict the external pollution sources, ensuring the safety of the production environment. It also implements 5S management and equipment cleaning systems to improve the standardized management level of the production site.

Xiangyu Aluwin

- It adopts a "pre-event — mid-process — post-event" full-process control mode to ensure the safety of goods during storage and transportation. In the pre-event stage, it conducts on-site investigations and comprehensive risk evaluations on logistics suppliers' qualifications, industry scale, assets, hardware facilities, and management capabilities. In the mid-event stage, it arranges outdoor personnel of logistics management to conduct regular on-site supervision of loading and unloading to ensure that goods are stored according to the principle of separate stacking and placement, and it hangs the goods ownership labels to clarify the goods ownership. In the post-event stage, it conducts regular on-site return visits and re-evaluation of cooperative logistics suppliers to ensure that the partners constantly meet business requirements and safety standards.

Xiangyu SOE

- It enhances quality and precision management via various means, achieving the first breakthrough of 50% in the simulated loading rate of the sample ship, and the single ship saves about 57 hours of load hook usage time, helping to shorten the dock period. The segment accuracy management realizes the visualization of "three lines" work, and it relies on the constantly updated *Xiangyu SOE Quality Manual* to ensure consistency between standards and models, cultivating front-line employees to master and implement the standards. In addition, it implements and promotes a smart quality inspection personnel management system covering six production workshops. This system is first of its kind in China and has been highly recognized by European ship owners.

Xiangming Oils

- It formulates the *Product Traceability System* and the *Recall System for Unsafe Food* to ensure the full-process traceability of products from the source to the finished product, enhancing the food safety safeguard capability. Meanwhile, the *Recall System for Unsafe Food* clearly defines the recall process when unsafe food is detected after entering the market, which ensures that food safety risks can be promptly and safely addressed to prevent the further spread of non-conformed products, maximizing the protection of consumers' rights and interests.

Quality Management Highlights by Subordinate Units of the Company

Customer Rights Protection

According to the actual situations of each business sector, the Company has established a sound customer service management system to ensure timely collection, analysis, and response to customer feedback, thereby optimizing business processes and enhancing customer experience. The Company conducts regular customer satisfaction surveys, collecting opinions and suggestions via various forms such as questionnaires, interviews, and online surveys, and then understands customer needs and expectations to conduct reasonable evaluations of service quality, constantly improving services and products.

Supply Chain Service Sector

The Company has formulated the *Strategic Merchant Management Measures* to implement hierarchical management on strategic merchants, and it deeply explores the core pain points to provide customized package services for them, fully meeting the needs of strategic merchants.

Share-level strategic merchants

The Company prioritizes allocating the strategic merchants with internal resources, such as funds, logistics, and business resources, and it also innovates management and assessment methods to provide comprehensive support:

- The main responsible department is responsible for participating in the formulation of cooperative program and resource coordination before the event, tracking the implementation of cooperation, promoting high-level interactions, and coordinating problem-solving during the event, and reviewing the cooperation situation after the event.
- A senior management liaison person is in charge of maintaining the relationship with strategic merchants, and they visit the merchants at least once a year to promote deep cooperation.

Subsidiary-level strategic merchants

The subsidiary constantly tracks the business dynamics and cooperation implementation of the merchants, including changes in credit status, major production & operation matters, and the achievement of agreement targets, so as to adjust the service program at any time:

- The subsidiary's General Manager and the relevant departments track and supervise, and adjust the program based on the annual cooperation situation.
- The responsible person of business is responsible for maintaining the relationship with the strategic merchants to promote the implementation of the program, promptly reporting changes.

Production & Manufacturing Sector

Xiangming Oils has formulated the *Customer Complaint Management Regulations* to enhance and refine the construction of after-sales services, clearly defining the departments responsible for handling complaints regarding the corporate products and services, the handling procedures, and the closed-loop handling mechanism, and issues the *Customer Complaint Summary and Evaluation Report* to ensure that customer complaints are promptly and properly handled, implementing internal improvements based on the complaints. Xiangyu SOE adheres to the policy of "Responsibility, Speed, and Commitment" to establish an after-sales service management system, responding to customer needs efficiently to gain market trust.

Customer Complaint management goal of Xiangming Oils

The effective complaint rate per 10,000 tons of soybeans processed is no more than 0.5 cases

Achieved

The effective complaint rate per 10,000 tons of soybeans processed was 0.475, and the handling rate for effective complaint was 100%.

Case

Conduct Customer Satisfaction Surveys to Listen to Customer Feedback

In 2024, Xiangming Oils took proactive measures to conduct customer satisfaction surveys, aiming to gain a deep understanding of the needs and feedback of soybean meal and soybean oil customers. Through questionnaire surveys, Xiangming Oils actively collected customers' opinions and suggestions, and a total of 156 valid questionnaires were recovered.

The survey results showed that customers highly praised Xiangming Oils' products and services. Among them, 151 questionnaires indicated "very satisfactory", accounting for 96.79%; 5 questionnaires indicated "satisfactory", accounting for approximately 3.21%; and no questionnaire indicated "average" or "unsatisfactory". Xiangming Oils listened to the voices of customers for constantly optimizing its products and services, utilizing customer feedback as an important driving force for constant corporate improvement and development.

People-oriented, Compose a Bright Future

Xiamen Xiangyu adheres to the concept that talents are the primary resource for corporate development, so it regards talents as the most valuable capital, and considers them as the core driving force for corporate growth. Moreover, the Company pays great attention to the occupational health and safety of its employees, and opens up democratic communication channels to effectively safeguard the legal rights and interests of employees. In addition, relying on the "three transformations and two supports" system, the Company builds a digital-driven human resources management system, including selection, cultivation, utilization, management, and employee relationship management, so as to promote the attraction and retention of talents.

Employment and Rights & Interests



The Company strictly complies with applicable laws and regulations such as the *Labor Law* as well as the applicable policies in the operating location, and standardizes management in aspects such as recruitment and dismissal, and democratic communication to safeguard the legal rights and interests of employees. Through an internal and external combined approach, the Company constantly enhances internal training and external recruitment efforts, concentrating resources to strive to build a leading team, professional team, and an international talent team that is capable of doing things, doing them well, and achieving results.

Recruitment Management

Holding the principle of selecting the best candidates based on competence and integrity, the Company has formulated the *Recruitment Management System* to ensure that the recruitment process is open, fair and impartial, and it has clearly defined the standards and procedures for annual recruitment program formulation, campus recruitment, social recruitment, internal transfer, etc., covering aspects such as information release, screening and evaluation, interview assessment, background investigation, approval for recruitment, probation and formal employment, etc. In addition, the Company strictly complies with the requirements of job avoidance and anti-discrimination in recruitment to ensure equal opportunities for job seekers, creating a healthy and harmonious workplace environment.

The Company has established a sound personnel recruitment system, including the "competency" model for recruitment, job qualification standards and job level system, to improve the scientificity of personnel selection and employment. Moreover, the Company formulates talent selection standards based on job requirements and conducts targeted training for interviewers. Furthermore, it promotes the competency model to improve the ability to select talents, and comprehensively assess candidates' suitability for the position via professional assessments, personality assessments, etc., ensuring the quality of talents and constantly expanding the corporate talent pool.

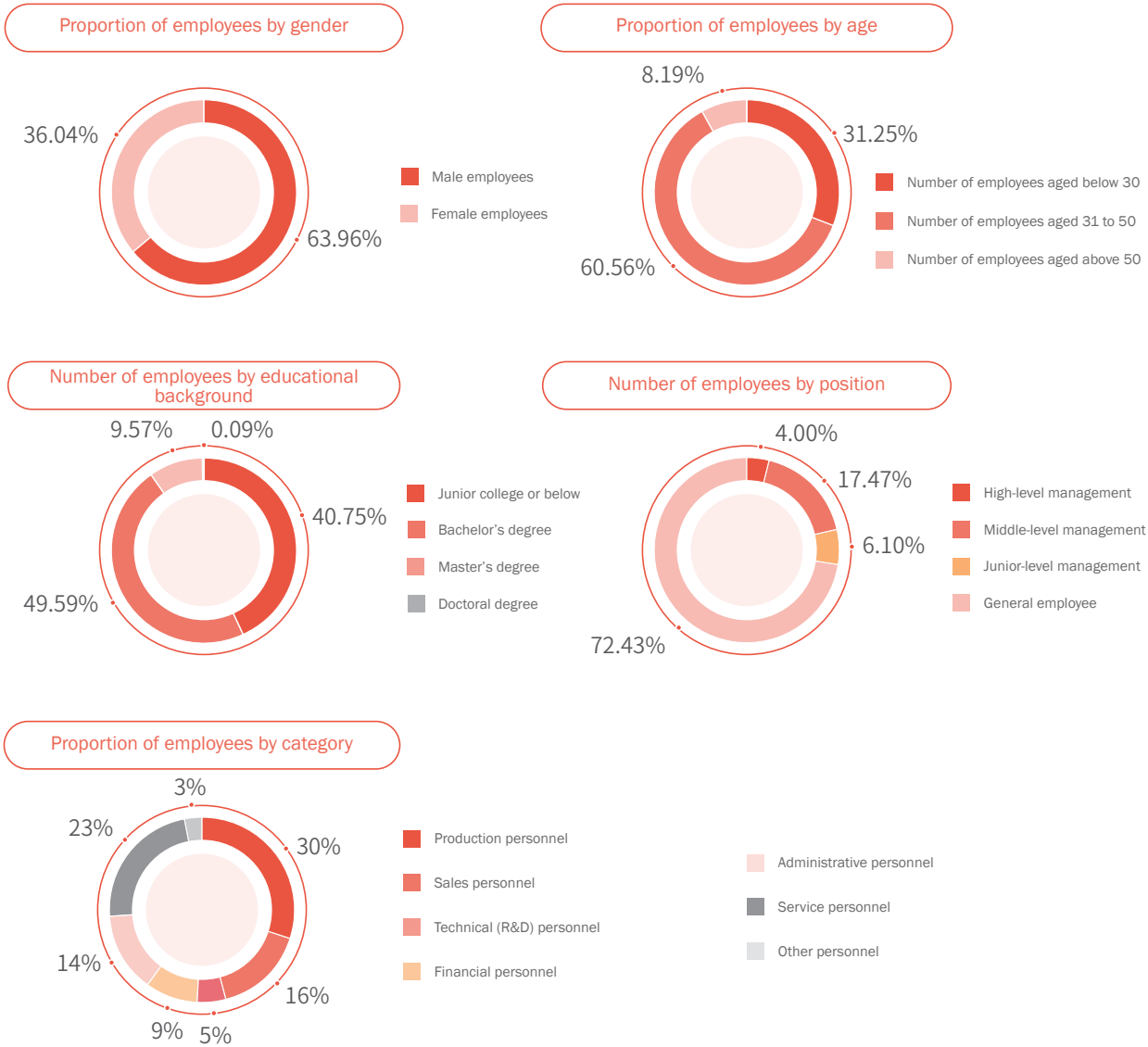
During the reporting period, the Company was awarded several external employment honors such as the Top 100 2024 China Best Employer Award by Zhaopin Limited, the 2024 Extraordinary Employer by Liepin, and the Most Influential Employers 2025 by Haitou.



As of the end of the reporting period, the Company had **7,929** employees in total, among which, **974** were newly hired, the proportion of full-time employees was **100%** , and the employee turnover rate was **19%** .

During the reporting period, the Company actively fulfilled its social responsibilities. The coverage rate of social security contributions reached **100%** , and a total of **7** disabled employees and **106** demobilized military personnel were employed.

Employee Composition



Equality and Diversity

The Company has always advocated an equal and diverse workplace atmosphere, and adheres to the principle of zero tolerance for discrimination to create a harmonious and inclusive working environment. In terms of recruitment, remuneration, training, and promotion opportunities, the Company does not discriminate or treat unfairly based on factors such as employee age, disability, ethnicity, gender, marital status, nationality, political status, race, religion, or sexual orientation. In the *Xiangyu Group Charter*, the Company has clearly defined the "employment orientation" - based on ability and performance, instead of educational background, experience, identity, or rigid criteria. It insists on the principle of value creation as the first priority, and those who create value will undoubtedly receive reasonable rewards. In the *Internal Reward and Punishment System* and the *Remuneration Management System*, it has clearly stipulated that all employees shall be equal and treated equally before corporate system.

Anti-child Labor Employment

The Company has established a strict identity verification mechanism during the recruitment and induction links. During recruitment, applicants are required to sign and confirm personal information including their date of birth, and anyone who provides false information, conceals key details, or misleads the Company will be prohibited from being hired. After the approval process for recruitment is completed, the Human Resources Department reviews whether the age meets the minimum working age requirement to ensure compliant hiring. During induction, all new employees must provide original identity documents for on-site verification, and the copies thereof are retained for archiving to ensure standardized file management. In addition, corporate's internal audit department conducts regular spot checks of employee files and induction records to prevent the employment of child labor.

Anti-discrimination and Anti-harassment

The Company explicitly opposes workplace harassment, and protects employees from sexual harassment, threats, and intimidation at work. In case of any related incidents, the Company will respond promptly and intervene quickly, conducting an investigation in accordance with relevant regulations and providing professional psychological guidance to the harassed individuals, and will impose corresponding punishments on the perpetrators to firmly safeguard the legal rights and interests of the parties involved, preventing the recurrence of such incidents.

Prohibition of Forced Labor

The Company strictly complies with the provisions in the *Labor Contract Law* regarding the prohibition of forced labor, and it has formulated the *Labor Contract Management System* and the *Attendance and Leave Management System* to clearly stipulate the working hours, leave and overtime of employees, ensuring legal employment.

Working hours

According to the *Attendance and Leave Management System*, the Company implements a five-day workweek system, and employees are not allowed to work more than 8 hours per day and more than 40 hours per week.

Leave rights

According to various laws and regulations, the basic types of leave provided for employees include annual leave, personal leave, sick leave, work-related injury leave, marriage leave, bereavement leave, maternity leave (including breastfeeding leave and paternity leave), and parental leave. For employees working in external assignments or in remote locations, return leave is provided, and management rules for each type of leave are formulated.

Overtime work

The Company encourages its employees to complete their tasks within working hours. If overtime is truly necessary, a written application must be submitted in advance and approved by the direct head. The Company arranges compensatory time off for employees whose working hours have been extended with approval. For those who can't be given compensatory time off, they will be paid according to the hourly rate as stipulated by law.

Cooperate Regulations on Anti-forced Labor



During the reporting period, the Company did not experience any negative incidents related to child labor, forced labor, or workplace discrimination.

Case Standardize Employment Publicity and Guidance to Conduct Human Resources Compliance Training

In 2024, the Company invited lecturers from the Labor Safeguard and Rights Protection Center of Xiamen City to provide a training session on labor law and labor contract law compliance for the human resources team, focusing on enhancing the ability to prevent labor risks and conduct practical operations. The training covered the requirements for standardized employment and clarified the principle that labor relations must be established within the legally prescribed employment age range. This training enhances the legal compliance of the corporate labor management, and raised awareness of standardized employment practices, providing a powerful safeguard for optimizing human resource management and reducing legal risks.



Employment Compliance Training

Attract High-tech Talents

The Company places great emphasis on attracting and retaining international, digital and high-end talents in the manufacturing sector. By implementing precise recruitment strategies, expanding global talent introduction channels, and providing living security and care, it prepares powerful human resources support for corporate development.



Refine the promotion mechanism

Instead of educational background or experience, the core criteria for promotion shall be actual contributions such as technological breakthroughs, work achievements, and project benefits. Dual-channel development: Establish a separate professional technical channel independent from the management channel, providing a dual-channel development opportunity, and the treatment of the professional technical channel is aligned with that of the management channel, granting professional decision-making rights and cross-departmental collaboration authority.



Reasonable resource allocation priority

Customize remuneration and appraisal incentive program for high-end talents to provide remuneration protection during the integration period or trial period and reduce the pressure of performance assessment, and provide functional teams to ensure the project implementation of high-end business talents to be lenient towards periodic temporary losses.



Living security and care

Coordinate resources to help address issues such as employment of spouses, children's education, and medical needs. Assist them in applying for various talent subsidies at the provincial, municipal, district, and free trade zone levels, and applying for talent apartments, etc. Recommend eligible talents to participate in government talent programs.

Mechanism for Attracting High-tech Talents

Enterprise-university Cooperative Cultivation

In 2024, the Company has continuously deepened its cooperation with the co-built institutions/universities, and actively expanded new partners. Based on the corporate development needs, the Company has established industry-university-research cooperation with the Metallurgy College of University of Science and Technology Beijing, the Mining College of China University of Mining and Technology, the College of Metallurgy and Materials of Northeastern University, and the State Key Laboratory of Advanced Solidification Technology of Shanghai University, cultivating specialized talents in the metallurgical, mining and bulk commodities industrial chain. By integrating the educational and talent cultivation resources of universities and the capital, management and industrial practice advantages of enterprises, it effectively promotes the transformation of industry-university-research achievements, creating a virtuous cycle of mutual promotion and collaboration between professional fields and industries.

Case A Delegation from the Education Department of Hunan Province Visited Xiangyu

In December 2024, various universities in Hunan Province came to the Company under the leadership of the Education Department of Hunan Province for a visit and exchange. The Company understood the professional settings and key disciplines of each university, and both sides exchanged views on the corporate talent needs and the employment policies for university graduates. In the future, the Company will actively go to universities in Hunan to select and recruit talents, further enhancing the cooperation and collaboration with various universities in Hunan.



Communication Venue

Other Enterprise-university Cooperation Activities



A Delegation Led by the President of Dongbei University of Finance and Economics Visited Xiangyu



Signed an Internship and Practical Training Base Agreement with Dalian University of Technology



Participated in the 2024 National Hundred-University Visiting Enterprises and Job-Seeking Docking Activity in Xiamen



Invited to Participate in the "Innovative Hong Kong - International Talent Carnival" Recruitment Event

Democratic Communication

The Company fully understands the significance of democratic management and communication for the healthy corporate development, so it has attached great importance to giving full play to the main role of employee representatives. It has formulated democratic management systems such as the *Employee Representative Congress System* and the *Implementation Measures for Enterprise Affairs Disclosure* to constantly promote grassroots democratic construction, and promote harmonious labor relations. Moreover, it has promoted the institutionalization, standardization and proceduralization of democratic management work, forming a "people-oriented, jointly seeking development" favorable corporate environment. The Company has established a Labor Dispute Mediation Committee composed of employee representatives, labor unions, and representatives from the Human Resources Department, exercising the labor dispute mediation functions to safeguard the rights and interests of employees.

Face-to-face Communication

- Annual business meeting
- Leadership symposium at all levels
- Monthly regular meeting
- Performance feedback interview
- Daily heart-to-heart talk
- Team-building activities, etc.

Written Communication

- Daily report, weekly report
- Special reports related to daily business operations, etc.

Online Communication

- Corporate OA, Yu Xin, etc.

Democratic Communication Channels

During the reporting period, the Company conducted "Going to the Grassroots, Listening to Public Opinions" seminars at the front line. Throughout the year, 31 on-site investigations were completed, and 507 suggestions and opinions were summarized.

While soliciting the demands of employees, the Company also actively offered suggestions and strategies for business development, thereby helping enhance the management capabilities at the front line.

Case Conduct Employee Satisfaction Surveys to Address Employee Concerns

The Company regularly conducted various employee surveys, including "Organizational Satisfaction Survey" and "Personal Development Expectation Survey". Through these satisfaction surveys, the Company understood the employees' feelings and thoughts regarding corporate culture, systems, and management, and listened to the employees' voices, so as to promptly identify existing problems and formulate improvement and enhancement plans, as well as follow up on their implementation.

The most recent survey covered a total of over 500 employees from the Company headquarters and domestic platform companies. It focused on 20 questions across 7 dimensions to conduct survey, and the overall satisfaction score was 4.28 out of 5, falling within the high satisfaction range (4–5 points = high satisfaction). In corporate survey results, measures were further introduced for the three items with the lowest scores:

External Assignment Intentions

- Refine the logistical support for the externally assigned personnel to reduce their concerns regarding daily life.
- The assignees arrange mentors to guide the externally assigned personnel, helping them better adapt to the new job requirements and integrate into the new environment.
- After the external assignment, make reasonable arrangements based on the employee's performance and actual situation, and guide outstanding employees to achieve further career development after the external assignment.

Remuneration Matching

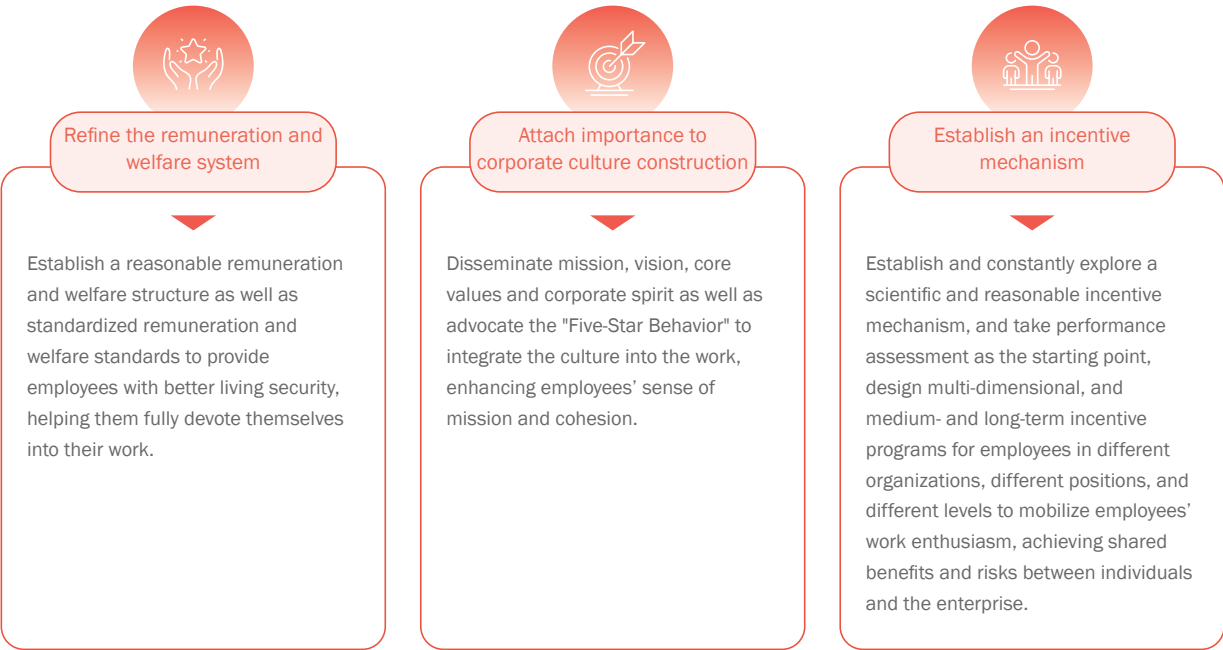
- Constantly conduct external (local and competitors) corporate remuneration alignment, and optimize the incentive mechanism based on the alignment result.
- Constantly promote equity incentive programs to promote the mutual growth of the Company and its employees.

Receive Commendations

- Guide managers at all levels to further improve their management skills, and attach importance to the application of "immaterial incentives" to promptly recognize and praise the performance of subordinates.
- Attach importance to the spiritual incentives for the senior management team, and refine corporate honor incentive system construction to promptly recognize the work performance of senior management.
- Constantly implement the psychological care and guidance program for the senior management team, helping them enter the management work with a better state.

Remuneration and Welfare

The Company constantly explores and refines its remuneration and welfare structure to establish the standardized remuneration and welfare standards as well as build a fair and reasonable remuneration and incentive system, and conducts various corporate cultural publicity and implementation as well as employee care activities to provide a platform for employees to showcase their talents and achieve career development, helping to enhance the attraction and retention of talents.



Management Concept on Remuneration and Welfare

Remuneration Management

The Company has formulated the *Remuneration Management System* to establish a remuneration system centered on basic salary, position salary, service tenure salary, and performance bonus, and it also implements equity incentives as a long-term incentive measure. The annual remuneration determination plan adheres to the principle of "salary can be as adjusted higher or lower, salary changes along position", and conducts annual position determination and salary determination to ensure that remuneration adjustments are in line with employee performance and position requirements.

The corporate remuneration management strictly follows compliance standards to clearly stipulate that employee salaries shall not be lower than the local minimum wage standard, and the salaries shall be paid on time and in full. For employees involved in negotiated termination, the economic compensation is strictly implemented in accordance with the *Labor Contract Law*. In addition, the Company, according to the industry market remuneration levels and corporate operating conditions, conducts internal and external remuneration alignment every year to ensure the market competitiveness and internal fairness of the remuneration system, enabling employees to share the corporate development achievements.

Performance Management

The Company has established a sound performance management system, which is goal-oriented to promote the improvement of organizational and individual performance via systematic performance assessment. Moreover, the Company has formulated the *Performance Management System* and adopted various assessment methods such as BSC (Balanced Scorecard), KPI (Key Performance Indicators), PBC (Personal Business Commitment), and 360-degree assessment, ensuring the comprehensiveness and fairness of performance evaluation.

The corporate performance management covers the employees at all levels, and all regular employees are required to participate in performance assessment from the moment they become regular staff. Moreover, the assessment cycle covers monthly, quarterly, semi-annual, and annual periods, and different job characteristics are used to formulate differentiated assessment standards. Furthermore, during the assessment process, the Company encourages the managers and employees to take performance interviews, analyzing performance results and clarifying improvement directions, so as to enhance employees' work capabilities and career development. Besides, the assessment results not only affect the distribution of performance bonuses but are also closely linked to promotions, salary adjustments, merit awards, and training needs. Noticeably, the final assessment results for management positions are also linked to the organizational performance of the Company and the department to ensure the scientificity and strategic consistency of the assessment.

In addition, the Company encourages employees to raise objections to the assessment process and results, and has established a performance appeal mechanism, so employees may provide feedback to their supervisors, human resources department, or corporate management team, ensuring the fairness of the assessment.

Employee Incentives

The Company adheres to the concept of "priority given to value creators" to establish an objective, fair and scientific value evaluation mechanism, ensuring that corporate resources and development opportunities are prioritized towards high-performance employees. Moreover, the Company conducts the full-process management on the performance management system to achieve online operation on all links such as the formulation of target responsibility agreements, performance evaluation, performance interviews, performance feedback and appeals, improving management transparency.

To enhance the incentive effects, the Company has established a General Manager's bonus fund, rewarding advanced groups, outstanding individuals, outstanding contributors and personnel from functional departments. Meanwhile, the Company constantly optimizes the performance assessment mechanism, and implements differentiated assessments for different business modes, ensuring that the assessment indicators are effectively connected with strategic tasks. In recent years, the Company has optimized the performance allocation mechanism via external alignment and internal review, and clarified the assessment boundaries to empower each business unit to flexibly use assessment tools, promoting constant team growth.

| | |
|--|--|
| Training & certification expense reimbursement | Encourage employees to actively participate in various job skill certifications at the national, provincial, municipal and industry levels. |
| Employee learning growth award | Encourage employees to utilize internal and external training resources to enhance their knowledge of corporate business and management. |
| General Manager's bonus fund | It is used for rewarding annual advanced teams and individuals, year-end bonuses for functional personnel, and rewarding outstanding contributors, which can encourage work enthusiasm while providing reasonable rewards to high-performance employees. |
| Equity incentive | Combine the interests of shareholders, the Company and employees to stimulate the entrepreneurial enthusiasm of the management team. |

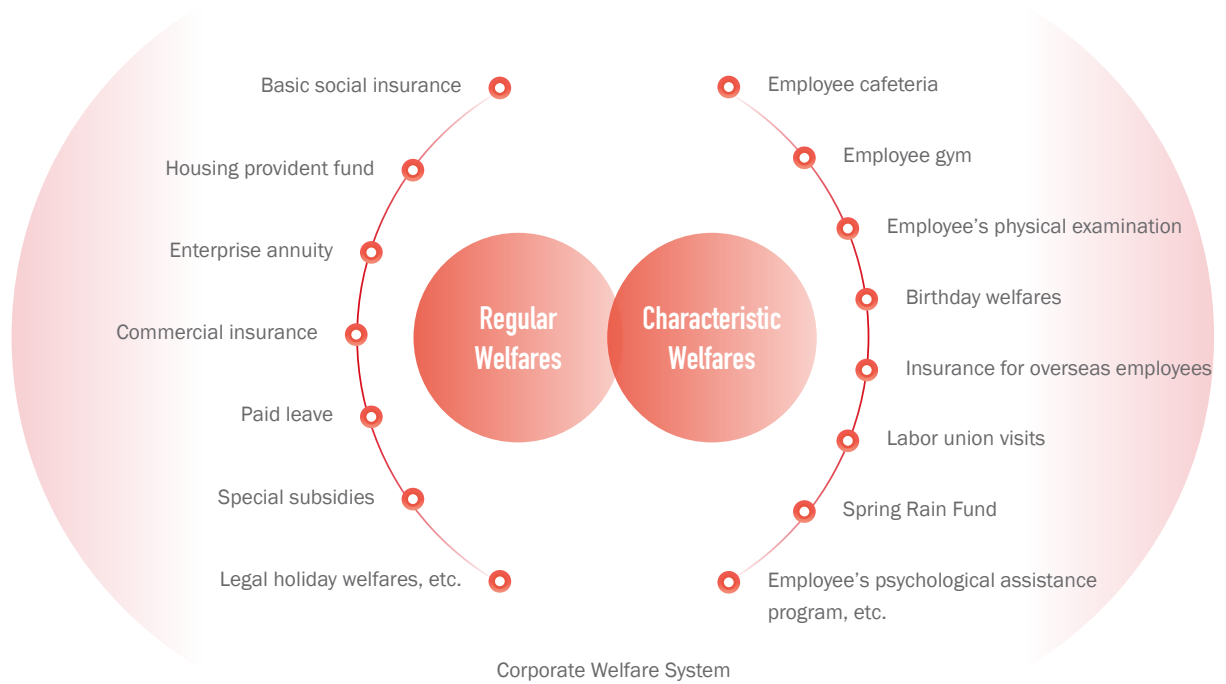
Employee Incentive Mechanism

Case Implement Equity Incentive to Share Development Achievements with Employees

To enable employees to better share the development achievements of the Company and achieve the common development of individuals and the organization, the Company launched two equity incentive programs in late 2020 and mid-2022, and the incentive targets covered the core management personnel of the Company and the core management team of its subsidiaries, highlighting "high incentives and high requirements". The total incentive amount accounted for nearly 8% of the total share capital, and the incentive targets included over 1,000 core management personnel and front-line business team members. It was the first state-owned enterprise in Fujian Province to launch a composite equity incentive program of "stock options + restricted stocks", taking the first step in building a long-term incentive mechanism.

Care and Welfare

The Company offers excellent welfare treatment to all employees, including but not limited to social insurance, welfare leave, holiday welfare, and a wide range of cultural and sports activities, which helps enrich the cultural life of employees to enhance their sense of gain and happiness.



To enhance employees' sense of belonging, the Company has been vigorously creating the "family culture", conducting various employee activities such as home visits and open days for families during traditional festivals like the Spring Festival and Mid-Autumn Festival, so as to maintain harmonious and stable employee relations. In terms of hardware facilities, the Company actively listens to employees' demands and optimizes the working environment. It has successively organized improvements to the tea room, replaced water purification equipment, added multi-functional coffee machines, opened the employee reading room, the mother-and-baby room, and beautified the office environment, creating a harmonious and warm workplace where employees can feel corporate greetings and care.

In 2024, in response to the demands of the majority of employees, the Company newly implemented parental leave to meet the parenting needs of employees raising children aged under 3, helping employees balance work and family life to alleviate their concerns.

Case Courageously Combat Against High Temperatures to Implement Heat Prevention and Cooling Service Security Work

The heat prevention and cooling service work in 2024 lasted for a long time, and the temperatures above 32°C maintained for 71 days, posing a severe challenge to the front line of production. Under the high temperature difficulties, all subordinate units of the Company actively carried out high temperature relief activities. Xiangyu SOE promptly adjusted the quantity and variety of cooling supplies, distributing 11,000 buckets of plum syrup, 173,500 bottles of mineral water/salt soda water, and 123,200 pieces of ice rod, and the adequate logistical support alleviated the impact of high temperatures to reduce the risk of heatstroke, ensuring work safety and production stability.

Cultural and Sports Activities

The Company advocates the concept of "happy work and healthy living" to systematically promote the construction of a happy Xiangyu home atmosphere, and carries out various cultural and sports activities to drive all employees to unite and reach a consensus on development, injecting cultural soft power into corporate's high-quality development. In 2024, the Company focused on caring for employees and held a series of cultural activities around important festivals such as the Lantern Festival, Women's Day, Children's Day, and Mid-Autumn Festival, and carried out the "Yu See Beauty" series of cultural activities to enhance the corporate cohesion and centripetal force; it also coordinated to erect a cultural cultivation platform for promoting the establishment of employee interest clubs such as Tai Chi, basketball, table tennis, badminton, football, and foreign language, which promotes the organizational integration and the vitality of teams, transforming the corporate culture into a vivid practice that enhances employees' sense of belonging and boosts team cohesion.

Case "Yu See Beauty, Join Spring Date - Pay Tribute to Remarkable Women" Women's Day Series Activities

On 8 March, Women's Day in 2024, the Company held a series of funny activities under the theme of "Yu See Beauty, Join Spring Date". The corporate headquarters organized flower art DIY and invited employees to watch the "Versatile Women" talk show to convey the voices of women; and several subordinate companies used "flowers" as the medium to send festival greetings to female employees, and held activities including romantic rowboats, tea brewing, and DIY baking, allowing employees to release their tenderness and creativity during their busy work, so as to encourage female employees to be unique themselves.



Talk Show Activity



Flower Arrangement Activity

Case "Spark Legacy" Cultural Lecture Series ActivitiesSeries Activities

In order to make the cultural achievements of Xiangyu effective and applicable, and to promote deep and practical implementation of cultural practices, since 2023, the Company has actively carried out the "Spark Legacy" cultural lecture series activities. The outstanding employees from the corporate headquarters and various investment enterprises engaged in intense debates on the topics, demonstrating the innovative thinking and the youthful power of eloquent speech.



"Environmental Protection and Low-Carbon" Theme Debate

Sports Interest Activities



"Chase Dreams in Youth, Dominate in Green Field" Football Competition



"Cyan Emerges from Basket, Burning Power is Unstoppable" Basketball Competition



"Win with Love for Table Tennis" Table Tennis Competition



"Exercise Ignites Vitality; Unity Creates Future" Badminton Competition

Festival Entertainment Activities



"Yu Together with You, Yu See Beauty" Children's Day Activity



"Yu See Beauty, All Things Flourish under Dragon" Spring Festival Activity



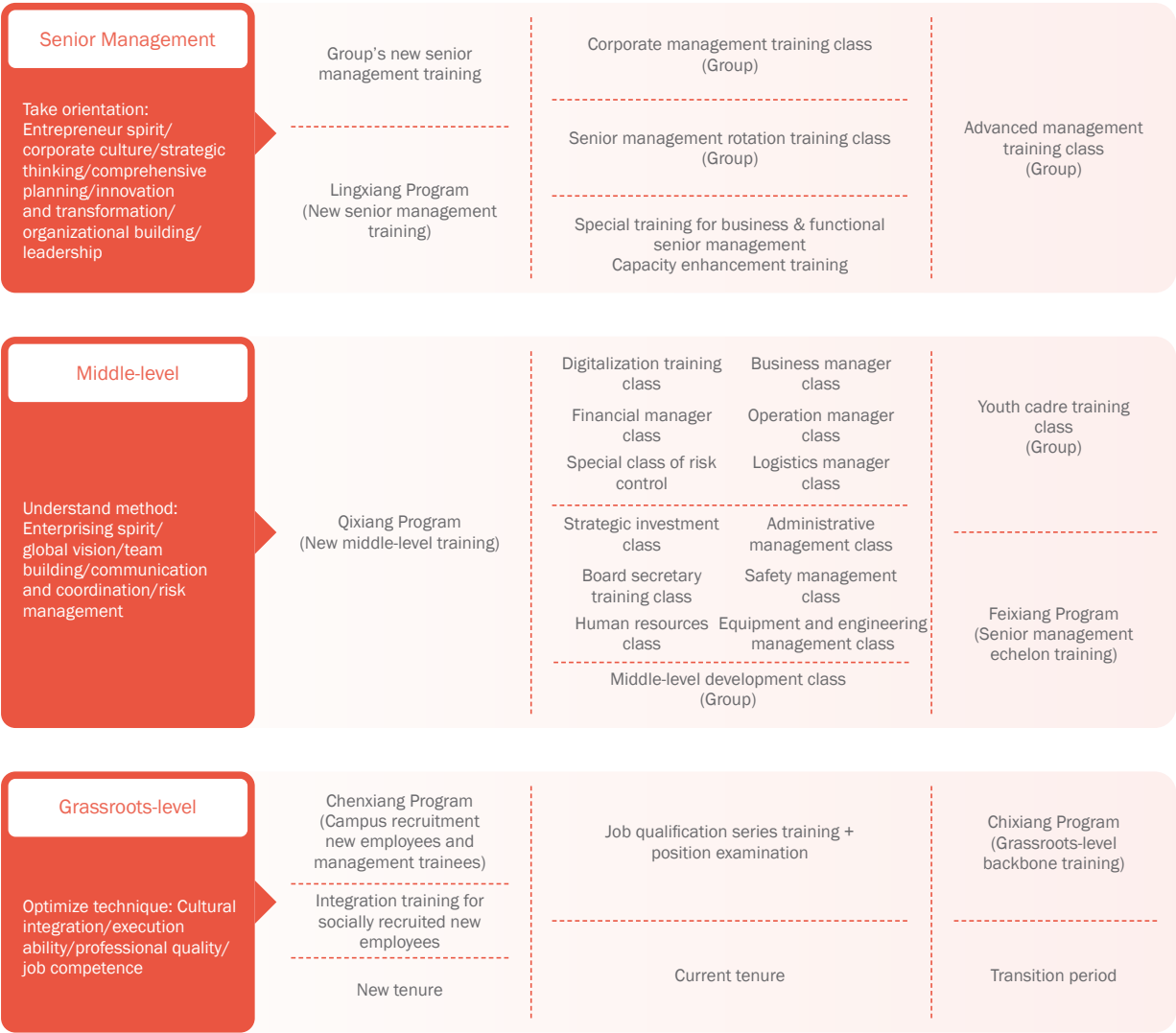
"Yu See Beauty, Full Moon and Happy Love" Mid-Autumn Festival Activity

Training and Development

The Company conducts talent selection and training based on capabilities and performance, and it creates channels and platforms for the growth of value creators, establishing a systematic and multi-level talent cultivation system to promote the common growth of the enterprise and its employees. The Company adheres to the assessment principle of "morality, ability, diligence, performance, and integrity", and it also strives to provide more opportunities for those who take responsibility and achieve results in the front line, special positions, and strategic projects.

Talent Cultivation System

The Company has established a "Three Verticals and Three Horizontals" talent cultivation system, covering three levels: senior, medium and junior, and it also provides customized cultivation for employees in the new tenure, current tenure, and transition period. The focus is on the cultivation of management trainees, and three years are taken as a cycle to cultivate a young middle-level team with high internal drive and competitive awareness via the competition mechanism, job rotation training, and special projects. Moreover, the construction of key position teams is combined with talent inventory, personal development plans, and mentorship to optimize the age structure of the management team, and the management and business talents with comprehensive capabilities are cultivated via cross-departmental job rotation and overseas training.



"Three Horizontals and Three Verticals" Talent Cultivation and Training System

Employee Training Management

To enhance the employee training management, the Company has formulated regulations such as the *Employee Training Management System* and the *Internal Trainer Management Regulations* to clearly define the responsibilities and authorities of each department regarding training. The Company closely focuses on the two major business priorities: corporate business transformation and management efficiency enhancement, and concentrates on three main lines: business transformation empowerment, management empowerment, and youth talent cultivation to innovate the training methods and approaches, integrating training with actual operations to create the organizational capabilities required to win the market.

Business Team Training

1.Organize the Y.E.S International Elite Class Training to select young backbones with potential for overseas business development, and provide training and empowerment in overseas business development methodologies and skills. Starting from the corporate's main business sectors and driven by real business cases in target markets, integrate training with actual operations to inspire international thinking among trainees and cultivate business expansion capabilities.



International Elite Class Training

2.Provide empowerment for key overseas market regions (focusing on key regions such as Africa and Southeast Asia) to offer intelligence information and methodologies such as industry chain maps, market analysis and opportunity exploration, and risk avoidance to the international business team. Root in the market to enhance the business team's ability to conquer international markets.



Empowerment for Key Overseas Market Regions

3.Conduct industry transformation and upgrade workshops of senior management of business, inviting divisional General Managers of the main product sectors to share aligned research case studies, and identify and grasp breakthrough directions from an industrial chain perspective, inspiring transformation thinking of senior management of business.



Transformation and Upgrade Workshops of Senior Management of Business

4.Organize the first Supply Chain Business Innovation Competition to upgrade the talent cultivation mode. With the goal of two-year actual business transformation and upgrade, conduct practical business method empowerment training, and provide excellent business study partners to carry out guidance and exchanges at the same time. Integrate training with actual operations to inspire business thinking, cultivating talents who understand the industrial chain and supply chain to contribute to the business breakthrough.

Training for Middle and Senior Management

1. Organize training for new senior management to inspire them to successfully undertake role transitions, and emphasize team management to break the conventional thinking patterns, helping new cadres take the first step steadily.
2. Organize comprehensive ability enhancement training for new middle-level cadres (MTP) to empower 153 individuals, laying a solid foundation for the management of middle-level cadres.
3. Starting from management reserve positions of domestic and overseas platform companies, the aim is to select a group of talents who have a high willingness to be externally assigned and are committed to growing together with the Company. In the short term, the talent inventory and internal competition are used to quickly identify the candidates; in the middle and long term, conduct 2 to 3 years of training empowerment, job rotation practice in different positions, and training in the positions at corporate headquarters or platform companies to reserve a platform management reserve team, ensuring a continuous talent echelon.



Comprehensive Ability Enhancement Training for Middle-level Cadres

Management Trainee Cultivation and Training

1. Upgrade the management trainee training mode to enhance the daily summaries and optimization thinking of management trainees. Conduct management trainee empowerment training based on the common needs of management trainees, and add a topic presentation session for management trainees to enhance the daily analytical summaries and work optimization thinking of management trainees.
2. Organize mentor empowerment workshops to help management trainee mentors master scientific communication and guidance methods, and systematically compile an exclusive growth manual for mentors to integrate the required knowledge and skills as well as guidance techniques into daily-used items, thereby promoting the growth of young talents better.
3. Conduct special empowerment for new employees' induction, focusing on basic knowledge of the industry such as cultural integration, career growth, industry overview, business model, and logistics resources for empowerment. The course introduces a practical sand table of supply chain, so trainees can simulate participation and experience the main links of supply chain operation, enhancing their understanding and comprehension of the business mode.



Management Trainee Training

During the reporting period,
the total training hours for corporate employees reached **56,735** hours,
with an average of **16.24** hours per person;
and the Company conducted a total of **287** training sessions throughout the year,
involving **3,493** participants, and the employee training coverage rate reached **44%** .



Case "Xiangyu Cloud Classroom" Online Learning Platform

To enhance the training and development of employees, the Company has established the "Xiangyu Cloud Classroom" online learning platform, which serves as a centralized repository for general management knowledge of the Company and an integrated platform for training information and learning management, providing convenient functions for various roles such as managers, mentors, lecturers, and learners. The platform's courses cover multiple modules such as Party building culture, general capabilities, functional specialties, management capabilities, benchmark learning, and system publicity and implementation, totaling 397 courses. It integrates 20 thematic learning windows such as training management functions, internationalization, financial management, operation management, and logistics management, effectively improving the situation where "courses could only be pushed manually by training organizers or searched for independently, resulting in scattered acquisition of course information", so that the training and learning are more convenient.



Picture of Xiangyu Cloud Classroom

Employee Promotion and Development

Regarding employee promotion and development, the Company has formulated the *Guidelines for the Management of Organizational and Position Class Systems* to establish a dual-channel promotion mechanism of "profession and management", clearly defining the standards for talent selection, evaluation, and appointment. Moreover, the Company constantly optimizes the career development paths of employees, matching job requirements and optimizing team configuration to build the thousand-person echelon talent pool, and it constructs a dynamic adjustment mechanism to match business development needs, creating a diversified talent utilization mode.

Define the promotion mechanism

Clarify the rights and responsibilities relationship among units at all levels in the organization, and fully grant authority to each sector company to clearly define the division of management rights and responsibilities for various aspects such as personnel appointment & dismissal, remuneration & performance, and production & operation, further supplemented by the assessment of team building and talent cultivation indicators to provide basic security for the appointment and management of talents in each unit and department.

Smooth the promotion channels

Provide employees with dual promotion channels of profession and management to broaden the development paths for employees, and achieve the matching between individuals and positions via pre-work analysis and personnel assessment before personnel allocation. Conduct dynamic optimization and allocation of personnel, and integrate methods and approaches such as transfer, promotion, demotion, and rotation to constantly stimulate the vitality of the talent team.

Talent Selection Mechanism

Health and Safety

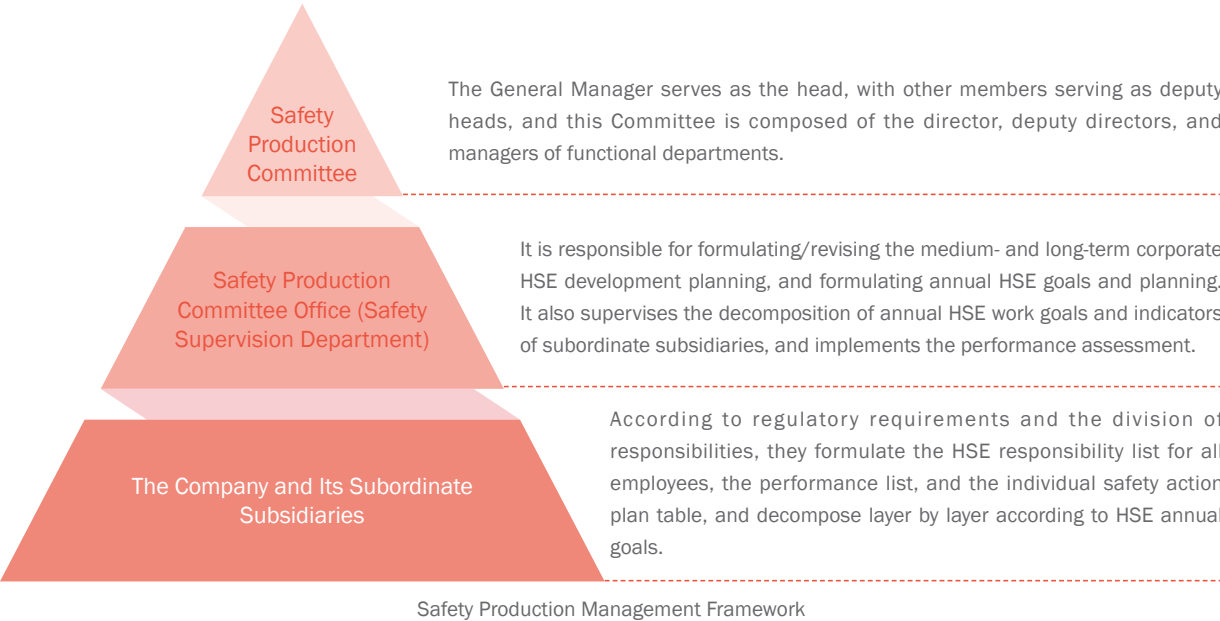
The Company has always adhered to the core HSE value concept of "Safety First, Environment Paramount, People-oriented, Equipment Intact", and has taken the policy of "People Orientation, Prevention First, Risk Identification and Pre-control, Create a Harmonious Safety Environment, and Take a Sustainable Development Path" to pursue the strategic goal of "No Accident, No Pollution, No Loss, Establish a Respected Image of a Supply Chain Investment & Operation Service Provider". The Company focuses on two main work lines: implementing the safety management system effectively and enhancing the safety management security capabilities, and it also adheres to the principle of "Management, Training, Equipment, and Shift" to ensure that the safety production responsibility is effectively implemented at all levels. Meanwhile, based on the principle of "not lower than the safety production target indicators of the previous year to reflect constant improvement", the Company formulated the 2024 occupational health and safety work goals, ensuring the constant improvement of safety performance.

| 2024 Goals | Completion Status |
|--|--|
| No serious or fatal personal injury accident, with the rate of minor injuries controlled within 3‰ | > No work-related injury or death occurred in the Company, with the rate of minor injuries controlled within 1‰ |
| No fire-related accident | > No fire-related accident, and the intact rate of fire-fighting facilities reached over 98% |
| No incident involving social stability | > No group incident occurred, and social stability work was implemented effectively |
| No incident causing food poisoning involving more than 3 people | > No food poisoning incident occurred, and the qualification rate of food hygiene inspections in the cafeteria was 100% |
| No accident resulting in direct economic losses exceeding CNY 1 million | > No major economic loss accident occurred, and all types of accident losses were within the budget range |
| Completion rate of HSE compliance rectification was 100% | > All HSE compliance rectification measures were completed on time, and the completion rate of rectification reached 100% |
| HSE system publicity and implementation were effective | > HSE system training covered all employees, and the awareness and implementation of the HSE system by employees were significantly improved |

2024 Occupational Health and Safety Management Goals

Safety Production Management

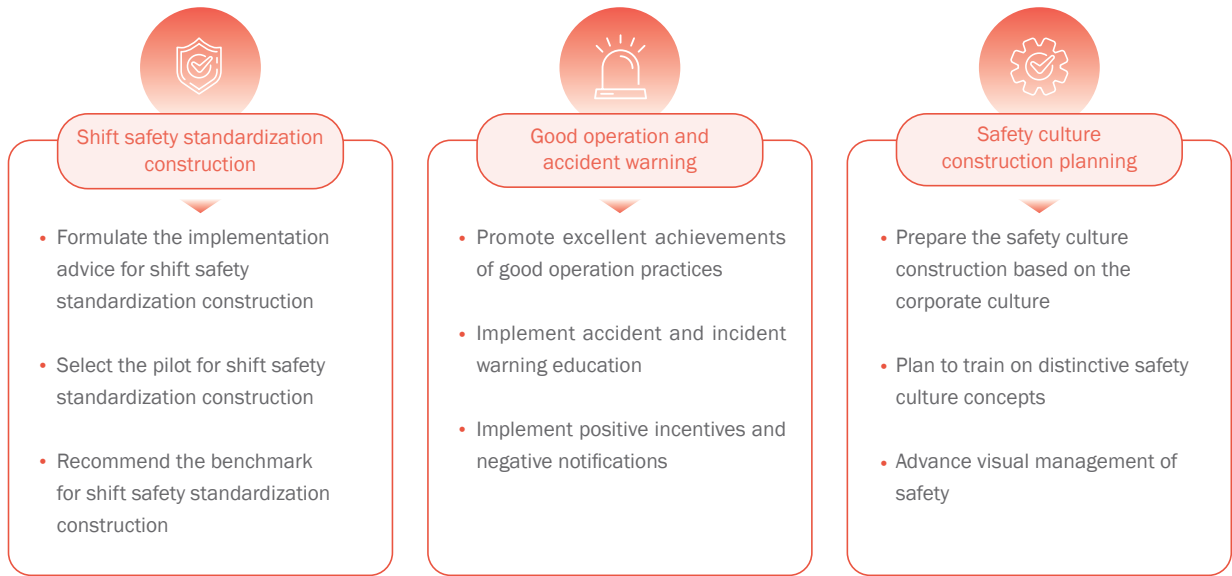
In terms of safety production, the Company has established a "1+3+X" HSE management system framework. It has formulated system documents such as the *Health, Safety and Environment Management Manual*, the *HSE Responsibility System and Target Management Procedures*, and the *Occupational Health, and Safety and Environment Education and Training Management Procedures*. Moreover, it has established a Safety Production Committee to deepen the integration of the system and enhance the responsibility implementation, ensuring the effective implementation of all policies and measures, and it conducts constant policy updates as well as the continuous improvement and solidification by organizations at various levels, constantly paying attention to and safeguarding the occupational health and safety of employees. In addition, the Company constantly enhances the emergency management, establishing an Emergency Management Committee and formulating the *Emergency Management and Accident/Incident Management Procedures* and the *Overall Emergency Plan for Emergencies*, and regularly conducts safety emergency drills to test the feasibility of the corporate emergency plans and the actual operational skills of employees, laying a solid foundation for building a safer working environment.



| | |
|----------------|--|
| Xiangyu Aluwin | <ul style="list-style-type: none">Establish a sound safety management system, appointing a dedicated safety manager and enhancing the implementation of safety regulations, while organizing regular safety inspections and hazard screenings and establishing a punishment mechanism.According to the production and operation situation, hold monthly safety education and publicity meetings to enhance safety prevention capabilities; for the operation of hazardous products, strictly manage the business qualifications scope of the operating units and the professional qualifications of the employees in accordance with management requirements, and organize regular qualification examinations to ensure that employees hold valid certificates for their positions. |
| Xiangyu SOE | <ul style="list-style-type: none">Conduct safety publicity, education and training precisely to further promote the creation of standardized safety management shifts, and constantly optimize the "dual system" construction to strictly enforce the permission system for hazardous operations, further improving the safety environment at the work site. |
| Xiangming Oils | <ul style="list-style-type: none">Set the 2024 annual occupational health and safety work goals, and specifically manage relevant indicators such as work-related injury accidents, accident hazard rectification rate, occupational diseases, occupational health examination rate, and safety training education, effectively ensuring the occupational health and production safety of corporate employees. |

Highlighted Measures for Safety Production Management in Each Subsidiary

The Company attaches great importance to the construction of safety culture to cultivate the "soft power" for the corporate safe development. The Company regularly holds offline training sessions for safety backbones and conducts safety examination preparation lectures to constantly enhance the safety professional quality of employees. According to the requirements of the *Work Program for Special Inspection on Safety Production and Supervision on Construction of Safety Management Standardization Shifts of Xiangyu Group*, it constantly promotes the supervision work of safety management standardization shifts, creating 4 outstanding shifts such as Rizhao Xiangming Oils Refining Shift and Suihua Xiangyu Jingu Agricultural Machinery Repair Shift.



Safety Culture Construction

During the reporting period, the subsidiaries of the Company conducted **20,698** hours of training on occupational health and production safety, and held **208** various safety emergency drills; the coverage rate of employee work-related injury insurance reached **100%**; and the input on safety production liability insurance exceeded **CNY 30,000**.



Safety Production Training



Emergency Supplies Reserve



Emergency Drill Site

Occupational Health Management

The Company attaches great importance to the physical and mental health of its employees, and implements care and protection measures effectively. Every year, the Company provides free physical examinations of health for all employees, and insures them with commercial insurance. Moreover, it also participates in the municipal workers' medical mutual assistance security program, and issues membership service cards for labor union members to raise the level of medical welfare security. In 2024, the Company further optimized the physical examination welfare, raising the standards and adding special examinations for cardiovascular and cerebrovascular diseases, and it also docked with professional hospitals to provide interpretation of physical examination reports by deputy director-level physicians, meeting the diverse health needs of employees.

In terms of occupational disease prevention and control, the Company strictly complies with laws and regulations such as the *Law on Prevention and Control of Occupational Diseases* and the *Regulations on Occupational Health Management in Workplaces*, and formulates the *Occupational Health Management System* to assess occupational disease hazard factors. Moreover, it provides standard labor protection supplies for risk positions, such as dust collectors, mufflers and other protective facilities, and conducts regular maintenance to enhance operation protection. In addition, the Company also provides pre-job, on-job and off-job physical examinations for employees at risk of occupational diseases, and establishes "one file for one person" occupational health monitoring archives, comprehensively ensuring the occupational safety of employees.

To alleviate employees' work pressure, the Company launched the EAP (Employee Assistance Program) in 2020, providing 24-hour psychological consultation hotline, group guidance, one-on-one consultation and mental health lectures, and has helped over 200 employees alleviate psychological stress. In 2024, the Company relied on the EAP project of Xiangyu Group to constantly provide unified mental health support, further enhancing the employee's psychological care system.

During the reporting period, the corporate coverage rate of physical examinations on occupational disease risk positions was **100%**.

A total of **532** employees participated in physical examinations of occupational disease, and no case related to occupational diseases was found.



The Company has installed AED first-aid equipment on the office floor, and has also assigned professional first-aiders to ensure the safety of employees' lives.

Take Responsibility, Share Development Achievements

Xiamen Xiangyu is committed to building a sustainable development ecosystem that benefits all parties. While expanding its international vision, deepening the integration of industry-university -research, and promoting industry progress, it always keeps in mind its state-owned enterprise mission, so it integrates its development with the national rural revitalization strategy to promote agricultural economic development, forming a development model featured by virtuous cycle of commercial value and social value.

Industry Exchange

Open cooperation is a key factor in promoting innovation and common development. The Company conducts extensive cooperation and exchanges to gather professional forces from various fields, sharing excellent experiences and exchanging technical achievements, and jointly explores new opportunities in the supply chain industry with industry-related parties, working together to promote innovation and progress in the industry.

During the reporting period, the Company participated in **40** industry forums and technical exchange meetings, including the China International Supply Chain Expo, the China International Import Expo, the China International Fair for Investment & Trade, and the Forum on China-Africa Cooperation.



Case Organize Supply Chain Summit to Focus on New Quality Productivity of Supply Chain

In September 2024, the Smart Chain New Journey Supply Chain Summit, hosted by Xiangyu Group and organized by the Company, was successfully held at the Xiamen International Convention Center. This Summit, as a sub-forum of the 2024 Supply Chain Cooperation Innovation Conference organized by the Xiamen Municipal Government, was themed "Green Smart Chain, Moving towards New Directions", gathering over 200 people including experts in supply chain and representatives for enterprises & financial institutions from both domestic and international sources, and they jointly explored the trends of supply chain digitalization and low-carbon transformation. This Summit conducted deep discussions around the new quality productivity of supply chain, and the Chairman of the Company stated that the Company would drive the upgrade of supply chain services via digitalization and intelligence, working together with global partners to build an efficient, green, and sustainable supply chain ecosystem.



"Green Smart Chain, Moving towards New Directions" Summit Venue

Case "Chain" Enjoying Opportunities to Present at the National Supply Chain Innovation Exhibition

In September 2024, the 24th China International Fair for Investment & Trade was held in Xiamen. As a benchmark enterprise in the industry, the Company was invited to participate in the initially established supply chain innovation exhibition area, and highlighted the practical achievements of the integration and innovation of supply chain and industrial chain, attracting guests from home and abroad to stop and exchange ideas. During the exhibition, Li Gang, the Director of the Department of Circulation Development of the Ministry of Commerce, visited our exhibition stand and highly affirmed our achievements in promoting green development and digital smart innovation. The Company won the first prize in the enterprise group competition and was awarded the "Best Organization Award" by virtue of our comprehensive strength. This event effectively helped the Company deepen global resource channel docking, injecting new momentum for promoting high-quality development of the industrial chain and supply chain.



Supply Chain Innovation Exhibition

Case Xiamen Xiangyu Presented in the China International Supply Chain Expo to Promote Global Supply Chain Cooperation

In November 2024, the 2nd China International Supply Chain Expo was held in Beijing. The Company responded positively to the call for global supply chain cooperation, and showcased more diversified, digitalized, and green supply chain innovation solutions. This Expo attracted over 600 domestic and foreign enterprises to participate, and our exhibition stand incorporated "Digital Smart Blue" and "Xiangyu Red", highlighting our corporate culture spirit. On the first day of the Expo, our exhibition stand attracted a large number of overseas and domestic merchants for visits and negotiations. The Company displayed the innovative practices in the integration between digital smart technology and industries to promote the supply chain upgrades, initiating a new dialogue with global partners. The Company will constantly accelerate its global layout to deepen industry research, and promote smart and sustainable supply chain development, jointly building a more resilient, efficient, and dynamic global supply chain.



The 2nd China International Supply Chain Expo

Case The Company Presented in the China International Import Expo to Promote Global Supply Chain Development

In November 2024, the 7th China International Import Expo was held in Shanghai, and the Company once again participated in this Expo with its supply chain innovation solutions under the new "Dual Circulation" development pattern. The corporate leader delivered a keynote speech at the "High-Quality Development Exchange Meeting of Modern Circulation Enterprises", sharing corporate experiences in promoting the "Belt and Road" construction and exploring international markets. During the Expo, the Company signed a strategic cooperation agreement of USD 260 million with a West African titanium ore enterprise, promoting the construction of a global service system for the titanium industry chain. The Company will constantly deepen international cooperation to promote the modernization of the industrial chain, and to drive global market prosperity.



Corporate Leader Delivered a Speech at the "High-Quality Development Exchange Meeting of Modern Circulation Enterprises"



Strategic Cooperation Signing at the 7th China International Import Expo

Case Participate in the China-South Africa Economic and Trade Forum to Deepen the Layout in Africa

In September 2024, the Company was invited to attend the China-South Africa Economic and Trade Forum, and the corporate Party Committee members, Discipline Inspection Commissioner, and Deputy General Manager were invited to attend and deliver a speech. In recent years, the Company has actively explored the markets in South Africa and Africa. In 2023, the volume of business in Africa exceeded 12 million tons, covering fields such as metal minerals and agricultural products, involving multiple African countries. To deepen the regional layout, the Company will establish its first African local company in Johannesburg, serving as a "bridgehead" for supply chain services to promote the deep integration between regional resources and business. In the future, the Company will constantly enhance the economic and trade cooperation with South Africa and African countries, and expand higher-level and broader development opportunities, jointly promoting prosperity and progress.



Invited to Participate in the Thematic Discussion

Case Participated in the China (Fujian) - United States Economic and Trade Cooperation Exchange Conference and Successfully Signed a Contract

In March 2024, Xiangyu New Energy participated in the China (Fujian) - United States Economic and Trade Cooperation Exchange Conference in Los Angeles, Portland, and Honolulu of United States, and signed a strategic cooperation agreement with the American photovoltaic module manufacturer SEG Solar Inc. to conduct deep cooperation around photovoltaic products such as cells and modules. This signing will fully leverage the advantages of both parties in the supply chain and manufacturing sector, and strengthen the synergy of the green energy industrial chain, promoting global sustainable development. The Company will constantly expand international market to deepen its global supply chain layout, and contribute to the development of the new energy industry to promote industry exchanges and cooperation.



China (Fujian) - United States Economic and Trade Cooperation Exchange Conference

The Company actively leverages its advantageous position in the industry to lead the development of industry norms, and participates in the formulation of national, industry and group standards to contribute its efforts to the technological progress and industrial upgrade of the industry. The two standards whose formulating it participated in, namely *Basic Requirements of Digital Warehouse* and the *Evaluation Specification of Digital Warehouse* issued by the National Development and Reform Commission, provide important guidance and reference for industry development, which further expands our influence in the industry, helping promote the industry transformation towards digitalization and intelligence.

As of the end of the reporting period, the Company has participated in the formulation of 2 national standards, 4 industry standards, and 7 group standards.



| Release Time | Standard Name | Standard Category |
|--------------|---|-------------------|
| 2019.2 | Technical Specification for Green-Design Product Assessment – Iron Concentrate Comes from Iron Ore Tailings | Group Standard |
| 2022.7 | Basic Requirements of Digital Warehouse | Industry Standard |
| 2022.7 | Evaluation Specification of Digital Warehouse | Industry Standard |
| 2023.1 | Classification and Evaluation Indicators of Supply Chain Financial Service Enterprises | Group Standard |
| 2023.4 | Requirements for Transaction Matching Services on Internet Road Freight Platforms | Group Standard |
| 2023.8 | Evaluation Index for Green Logistics of Logistics Service Provider | Industry Standard |
| 2023.8 | Greenhouse Gas Emission Accounting and Reporting Requirements for Logistics Enterprises | Industry Standard |
| 2023.9 | Ships and Marine Technology - Performance Test Procedures for LNG Fuel Gas Supply Systems (FGSS) | National Standard |
| 2023.12 | Basic Requirements of Digital Steel Warehouse | Group Standard |
| 2023.12 | Basic Requirements of Digital Coal Warehouse | Group Standard |
| 2024.1 | Supply Chain Finance Group Standard | Group Standard |
| 2024.4 | Evaluation Specification for Digital Level of Enterprise Supply Chain | Group Standard |

Standards Participated by the Company in Formulation

Social Contribution

The Company has always been committed to fulfilling its social responsibilities to actively promote the development of public welfare undertakings, and it encourages employees to pay attention to social issues and actively participate in various volunteer activities, forming a positive social responsibility culture. The Company regularly organizes the public welfare training and practical activities to stimulate the enthusiasm of its employees for public welfare and enhance their awareness of social service, and the Company takes practical actions to contribute to society, demonstrating the corporate sense of responsibility.

During the reporting period, the Company conducted 62 employee volunteer activities, with 248 participants in total.

Case Clean Home for Community and Street Cleanup Activities

The Company organizes its employees as volunteers to conduct regular community clean-up activities, removing garbage from the streets and clearing illegal advertisements, and maintains and beautifies the public facilities to take practical actions for supporting the improvement of the urban environment. The volunteers not only enhance the environmental awareness of community residents during the clean-up process, but also convey the concept of green living via interaction with community residents, increasing public attention to environmental protection. This activity not only improves the urban appearance but also promotes a positive interaction between the Company and the community, enabling employees to understand the importance of social responsibility more deeply.



Volunteer Service Team

Case Care for Special Groups to Regularly Visit the Groups in Difficulties

The Company has been constantly concerned about the groups in difficulties in the community. During the Spring Festival and the August 1st Army Day every year, it organizes visit activities to send care and gifts to troops and officers of military-civilian joint construction units; during the Double Ninth Festival, it visits the elderly and Party members in difficulties in the community, providing them with living support and spiritual encouragement; during the New Year's Day, the Spring Festival and the "July 1st" holiday, it visits the paired families in difficulties, sending them necessary daily necessities and expressing corporate care. The Company conducts these constant public welfare actions to actively fulfill social responsibilities, demonstrating its care and support for the groups in difficulties.



Every year on the Double Ninth Festival, the Company went to the jointly-built community to conduct visits for elderly Party members and those in difficulties



Every New Year's Day and Spring Festival, and on "July 1st", the Company went to the paired families in difficulties for caring visits.

Case AED Heart Emergency Rescue Market Volunteer Service to Enhance Public First-aid Skills

In November 2024, Xiangyu Aluwin actively responded to corporate's "11.28 Public Welfare Day" initiative to organize the AED Heart Emergency Rescue Market Volunteer Service activity, providing first-aid knowledge training and guidance to the public. The on-site explanations and practical operation drills were used to popularize AED usage method and cardiopulmonary resuscitation skills, enhancing the public's emergency rescue ability to respond to sudden cardiac arrest incidents. This activity effectively promoted the dissemination of first-aid knowledge, and enhanced public safety awareness in society, contributing to the "Kind Xiamen" public welfare construction.



AED Heart Emergency Rescue Market Volunteer Service



Rural Revitalization

Xiamen Xiangyu actively fulfills the responsibilities of a state-owned enterprise, and explores new mode for rural revitalization. Starting from establishing a long-term assistance mechanism, the Company fully leverages its own industrial advantages to increase its assistance efforts, and helps promote the coordinated development of the regional economy and society, contributing to rural revitalization. Moreover, the Company strictly implements the decisions and deployments of the Party Central Committee to thoroughly carry out the requirements of the "14th Five-Year Plan" for Promoting Agricultural and Rural Modernization, and the Company promotes a stable "blood-making" assistance model to support the sustainable development of rural industries according to its main responsibilities and main business.

During the reporting period, the Company established a paired assistance relationship with Guoxi Village and Houpu Community. It conducted precise assistance in areas such as rural economy, improvement of people's livelihood, and talent cultivation, and a total of 11 exchange and visit activities were organized, covering symposiums, caring visits, and children's care, which demonstrated its commitment to rural revitalization via practical actions.



Organizational Revitalization

Enhance Leadership to Improve "Organizational Capacity"

Attaching great importance to the rural revitalization, the Company has effectively raised its political stance, and it has innovated and refined the mechanism for providing paired assistance according to the overall deployment of related work. Moreover, the Company has held multiple special meetings with the paired assistance villages and the village work teams to organize on-site surveys for deeply analyzing the current situation of rural development, and assisted in formulating feasible development planning to provide long-term and stable support to the assisted villages. In addition, the Company has conducted multi-dimensional collaboration such as joint Party building, resource sharing, and policy publicity to constantly consolidate the assistance system, providing powerful support for rural economic development.



Rural Joint Party Class

Paired Assistance to Erect the "Heart-connection Bridge"

Adhering to the principle of "alleviating poverty by first addressing the spirit of the people", the Company deeply understands the actual needs of the villagers to provide targeted support regarding issues such as employment, education, and medical care that are of concern to the people. During important periods such as the New Year's Day, Spring Festival, and "July 1st", the Company will organize its Party cadres to visit 10 paired households in the assisted villages, where they communicated face-to-face to publicize the Party's policies benefiting the farmers, and encouraged the villagers to establish a spirit of self-reliance and hard work for prosperity. In addition, the Company also actively promotes training programs and employment guidance, providing practical training courses for villagers with entrepreneurial intentions to help them expand their income channels.



"July 1st" Visit to Guoxi Village

Promotion by Assistance to Build the "Road to Prosperity"

We have fully leveraged our advantages in the industrial chain to drive the modernization of agriculture, helping enhance the quality and efficiency of the village's collective economy. The Corporate Party Committee strictly implemented the requirements of the "three-party joint Party building agreement", creating a collaborative relationship featuring "mutual promotion of Party organization construction, interactive learning of Party members and cadres, mutual use of Party building activity carriers, and mutual help of paired assistance". Moreover, the corporate departments such as the Strategic Investment Center and the Supply Chain Management Department formed the assistance working group, going to the Guoxi Village for special survey. They conducted on-site investigations to understand the development situation of the village committee, and held discussions and exchanges with the village's resident cadres and the village "two committees" team to jointly formulate an industrial assistance plan. In addition, the Company also introduced high-quality agricultural projects, and they conducted means such as technological empowerment, financial support, and brand promotion to help local characteristic agriculture develop, achieving a transformation from "blood transfusion style" assistance to "blood drawing style" assistance.



Paired Assistance

Agricultural Revitalization

The Company actively responds to the rural revitalization initiative and the national cereal strategy to base on the actual situation of the agricultural industry, and it has established seven modern warehousing and logistics centers, creating a comprehensive service platform for full industrial chain of cereal covering pre-production, mid-production, post-production and processing. Moreover, it utilizes digital mart technology to empower traditional agriculture to erect the platform for promoting rural revitalization, and comprehensively integrates the Internet with traditional agricultural production, supply, and sales to improve agricultural resource allocation, production efficiency, product quality, market expansion, and comprehensive benefits, which truly solves the practical problems in traditional agriculture, contributing to implementation of the rural revitalization strategy.

Large-scale planting to improve agricultural productivity

- Promote the standardization, scientification and professionalization of agriculture, and integrate agricultural production service resources to establish a cereal planting industry alliance for enhancing the cooperation loyalty of farmers, stabilizing and expanding the cereal source.
- Under the digital empowerment, the Company has created an agricultural industry-level supply chain service platform, and has launched the "Xingxing Xiangnong" APP to provide farmers with full-process services such as planting orders, agricultural finance, agricultural supplies, cereal collection reservations, and logistics transportation, raising the organizational level of agricultural production.

Smart warehousing to optimize cereal circulation

- Create a cereal warehousing alliance to digitally renovate its own warehousing facilities, achieving smart management, and build a warehouse-point alliance platform via technologies such as the Internet of Things, cloud computing, and blockchain to integrate social warehouse-points into digital warehouses, achieving standardization of cereal products, intelligence of process, and optimization of storage to improve overall warehousing efficiency.

Efficient circulation to facilitate the market expansion of agricultural products

- Establish a cereal circulation industry alliance to promote the cost reduction and efficiency increase of enterprises of deep processing of cereal and feed processing, and optimize the supply-demand matching mechanism to and achieve a supply mode of "cereal available at any time, special product supply, high-quality and reasonable price". The Company also provides supporting services of supply chain such as logistics and finance to reduce costs in each link of the industrial chain, improving the overall collaborative efficiency of the entire industrial chain.

Digital Platforms Facilitate Agricultural Development

In addition, the Company coordinates various resources at all stages of planting, purchasing, and selling to form an agricultural full-chain ecosystem, which ensures national cereal production and farmers' income from cereal plant, contributing to consolidate the "ballast stone" of national cereal security.

Case

"Unity in Dream, Cooperation for Win-win" to Receive a Thank-you Letter from China Agricultural Reclamation Industry Development Fund

In February 2024, the China Agricultural Reclamation Industry Development Fund sent a thank-you letter to the Company, expressing sincere gratitude for corporate contributions in supporting the establishment of the national fund in local regions, facilitating rural revitalization, fulfilling policy missions, and implementing industrial guidance. In the future, the Company will constantly focus on financing for agriculture to promote digital smart empowerment, helping modern agricultural industries strengthen supply chains and expand capabilities, and will strive to build an agricultural power and jointly create a new picture of rural revitalization.

中国农垦产业发展基金

感谢信

厦门象屿集团有限公司：

 贵集团积极响应中央农村工作会议精神，坚持以人民为中心，深入贯彻落实“三农”工作总方针，围绕粮食安全、农民增收、农村振兴三大任务，充分发挥自身优势，在支持国家粮食安全、促进农民增收、推动农村振兴等方面做出了积极贡献。特别是在支持国家粮食安全方面，贵集团通过建立粮食仓储物流体系，有效保障了国家粮食储备的安全和稳定。在促进农民增收方面，贵集团通过发展现代农业、乡村旅游等产业，为农民提供了更多就业机会和收入来源。在推动农村振兴方面，贵集团通过改善农村基础设施、提升农村公共服务水平，为农村发展注入了新的活力。

 贵集团作为国有控股企业，始终坚持以服务国家战略为己任，在支持国家粮食安全、促进农民增收、推动农村振兴等方面做出了积极贡献。特别是在支持国家粮食安全方面，贵集团通过建立粮食仓储物流体系，有效保障了国家粮食储备的安全和稳定。在促进农民增收方面，贵集团通过发展现代农业、乡村旅游等产业，为农民提供了更多就业机会和收入来源。在推动农村振兴方面，贵集团通过改善农村基础设施、提升农村公共服务水平，为农村发展注入了新的活力。

 中国农垦产业发展基金

 2024年2月

Thank-you Letter

Key Performance Table

Corporate Governance Indicators

| Indicators | Unit | 2023 | 2024 |
|---|---------|-------|-------|
| Number of meetings held by Board of Directors | Times | 15 | 15 |
| Number of meetings held by Board of Supervisors | Times | 8 | 8 |
| Number of General Shareholders' Meetings held | Times | 6 | 4 |
| Number of meetings held by Audit Committee | Times | 10 | 6 |
| Number of meetings held by Remuneration and Appraisal Committee | Times | 4 | 6 |
| Number of meetings held by Strategy and Sustainable Development Committee | Times | 1 | 1 |
| Number of Board of Directors | Persons | 9 | 9 |
| Number of independent directors | Persons | 3 | 3 |
| Number of female directors | Persons | 1 | 1 |
| Average tenure of directors | Years | 3.56 | 4.51 |
| Average age of directors | Years | 56.33 | 55.44 |
| Number of Board of Supervisors | Persons | 3 | 3 |
| Number of employee supervisors | Persons | 1 | 1 |
| Number of anti-corruption and anti-bribery trainings | Times | 15 | 25 |

Economic and Service Indicators

| Indicators | Unit | 2023 | 2024 |
|--|-----------------|----------|----------|
| Operating revenue | CNY 100 Million | 4,590.35 | 3,666.71 |
| Net profit for shareholders of listed company | CNY 100 Million | 15.74 | 14.19 |
| Tax contribution | CNY 100 Million | 32.29 | 32.05 |
| Investment in R&D | CNY 100 Million | 1.54 | 1.17 |
| Investment in digital construction ¹ | CNY 10 Thousand | 23,083 | 17,588 |
| Number of digitalization construction empowerment training activities (sessions) | Sessions | 40 | 63 |

| Indicators | Unit | 2023 | 2024 |
|--|--------------|------|-------|
| Number of employees attending digitalization construc-tion-related trainings | Person-times | 825 | 1,105 |
| Number of management personnel attending digitalization construction-related trainings | Person-times | 240 | 176 |
| Number of full-time personnel responsible for corporate information construction at headquarters | Persons | 18 | 21 |
| Number of major cybersecurity incidents | Pieces | 0 | 0 |
| Number of confirmed cybersecurity accidents | Pieces | 0 | 0 |
| Number of cybersecurity trainings | Times | 4 | 4 |
| Number of cybersecurity emergency drills | Times | 1 | 2 |
| Number of confirmed data leakage accidents | Pieces | 0 | 0 |

Note:
1.The digitalization investment was higher due to the peak period of new project construction in 2023, and there was a significant change in digitalization input because of the optimization & adjustment of supplier structure and the reduction of new projects in 2024.

Employee and Social Indicators

| Indicators | Unit | 2023 | 2024 |
|--|---------|-------|-------|
| Total number of employees | Persons | 8,565 | 7,929 |
| Number of employees with disabilities | Persons | 7 | 7 |
| Number of demobilized military employees | Persons | 74 | 106 |
| By Gender | | | |
| Number of male employees | Persons | 5,502 | 5,071 |
| Number of female employees | Persons | 3,063 | 2,858 |
| By Age | | | |
| Number of employees aged 30 and below | Persons | 3,007 | 2,478 |
| Number of employees aged 31 to 50 | Persons | 4,884 | 4,802 |
| Number of employees aged 51 and above | Persons | 674 | 649 |

| Indicators | Unit | 2023 | 2024 |
|---|-----------------|--------|--------|
| By Region | | | |
| Number of employees working in Chinese mainland | Persons | 8,462 | 7,820 |
| Number of employees working in Hong Kong, Macao and Taiwan | Persons | 10 | 8 |
| Number of employees working in other countries and regions | Persons | 93 | 101 |
| By Educational Background | | | |
| Number of employees with doctoral degree | Persons | 4 | 7 |
| Number of employees with master's degree | Persons | 796 | 759 |
| Number of employees with bachelor's degree | Persons | 3,941 | 3,932 |
| Number of employees with junior college or below | Persons | 3,824 | 3,231 |
| By Profession | | | |
| Percentage of production personnel | % | 27 | 30 |
| Percentage of sales personnel | % | 18 | 16 |
| Percentage of technical personnel | % | 3 | 5 |
| Percentage of financial personnel | % | 9 | 9 |
| Percentage of administrative personnel | % | 16 | 14 |
| Percentage of service personnel | % | 24 | 23 |
| Percentage of other personnel | % | 2 | 3 |
| Duration of employee trainings | Hours | 94,398 | 56,735 |
| Average duration of training per employee | Hours | 22 | 16.24 |
| Investment in safety production | CNY 10 Thousand | 489 | 1,313 |
| Number of employees undergoing occupational disease physical examination | Persons | 460 | 532 |
| Coverage rate of physical examination of occupational disease risk position | % | 100 | 100 |
| Number of safety emergency training sessions | Sessions | 132 | 384 |
| Number of safety emergency drills | Times | 89 | 208 |
| Number of employee volunteer activities | Times | 43 | 62 |
| Number of participating in rural revitalization projects | Pieces | 4 | 1 |
| Number of participating in industry forums/technical ex-change meetings | Times | 35 | 40 |

Environmental Indicators

| Indicators | Unit | 2023 | 2024 |
|--|-----------------|---------------|------------------|
| Investment in energy conservation and emission reduction | CNY 10 Thousand | 675 | 515 |
| Raw coal consumption volume | Tons | 23,768.91 | 17,583.29 |
| Fuel oil consumption volume | Tons | 190.29 | 109.17 |
| Diesel consumption volume | L | 12,110,990.80 | 10,065,848.41 |
| Gasoline consumption volume | L | 360,421.01 | 400,952.77 |
| Natural gas consumption volume ¹ | m³ | 431,369 | 2,451,417.17 |
| Steam consumption volume | Tons | 173,202.45 | 162,058.54 |
| Consumption volume of externally purchased power ² | kWh | 36,232,975.20 | 70,518,910.06 |
| Total water consumption volume ³ | m³ | 170,860 | 211,793.03 |
| Water conservation (recycled/reused water) volume | m³ | 16,406 | 27,876.00 |
| Total waste gas emission volume ⁴ | m³ | 156,734,937 | 1,139,963,239.28 |
| Waste gas particulate matter content ⁵ | mg/m³ | 90.789 | 4.25 |
| Waste gas nitrogen oxide content ⁵ | mg/m³ | 443.735 | 1.26 |
| Waste gas sulfur oxide content ⁵ | mg/m³ | 367 | 3.85 |
| Waste gas VOCs emission volume ⁵ | mg/m³ | 20.1 | 14.66 |
| Total wastewater discharge volume | m³ | 55,063 | 96,040.00 |
| Chemical Oxygen Demand (COD) in wastewater | mg/L | 8.749 | 123 |
| Five-day biochemical oxygen demand of wastewater (BOD ₅) | mg/L | 2.039 | 38.425 |
| Suspended solids content of wastewater | mg/L | 1.66 | 21 |
| Ammonia nitrogen content of wastewater | mg/L | 0.484 | 17.85 |
| Total phosphorus content of wastewater | mg/L | 0.8782 | 0.548 |

Note:

- 1.In 2024, Xiangdao Logistics was included in the statistical scope of natural gas consumption volume, resulting in a significant change in the data.
2. The new businesses were put into operation in September 2023 and the businesses were expanded with the construction of new warehouses and the replacement of electrical equipment in 2024, so the consumption volume of externally purchased electricity was changed significantly.
- 3.The new businesses were put into operation in September 2023 and the businesses were expanded with the construction of new warehouses and the increase in water usage scenarios for coal business in 2024, so the total water consumption volume was changed significantly.
- 4.In 2024, Xiangming Oil was included in the statistical scope of waste gas emissions, resulting in a significant change in the data.
- 5.In 2024, the calculation method was changed, namely, the weighted average was used to calculate the pollutants content in the waste gas, resulting in a significant change in the data.

System Certification Overview

| Certification Standards | Certification Entities | Certification Scope |
|-------------------------|--|--|
| ISO 9001 | Yancheng Xiangyu Environmental Resources Mining Technology Co., Ltd. | Production and sales of iron concentrate products |
| | Fujian Xingda Import & Export Trading Co., Ltd. | Sales and import trade of ferrous metals, mineral products, and coal; export trade of ferrous metals and non-ferrous metals |
| | Rizhao Xiangming Oils Co., Ltd. | Processing of edible soybean oil and raw material soybean meal of feed |
| | Chengda Products (Xiamen) Co., Ltd. | Domestic trade and import/export trade of ferrous and non-ferrous metal raw materials and their products (except for hazardous chemicals and goods restricted by state for corporate operation or prohibited by state for import/export) |
| | Xiamen Xiangyu Resources Co., Ltd. | Sales, import and re-export trade services of coal, metal ores and their products |
| | Fujian Xiangyu New Energy Co., Ltd. | Sales of photovoltaic equipment and components & parts; domestic cargo transportation agency; international cargo transportation agency |
| | Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. | Steel shipbuilding |
| | Xiamen Xiangyu New Energy Co., Ltd. | Sales of metal ores, chemical products (excluding licensed chemical products), photovoltaic equipment and components & parts; domestic cargo transportation agency; sales of lithium hydroxide and nickel sulfate within the qualification scope (without storage place operation) |
| ISO 14001 | Suihua Xiangyu Cereals and Oil Technologies Co., Ltd. | Environmental management activities related to the processing of rice and its related places |
| | Yancheng Xiangyu Environmental Resources Mining Technology Co., Ltd. | Production and sales of iron concentrate products, and supporting activities thereof |
| | Chengda Products (Xiamen) Co., Ltd. | Domestic trade and import/export trade of ferrous and non-ferrous metal raw materials and their products (except for hazardous chemicals and goods restricted by state for corporate operation or prohibited by state for import/export) |
| | Fujian Xiangyu New Energy Co., Ltd. | Sales of photovoltaic equipment and components & parts; domestic cargo transportation agency; international cargo transportation agency |
| | Xiamen Xiangyu Singamas Container Co., Ltd. | General freight storage services, container yard services |

| Certification Standards | Certification Entities | Certification Scope |
|-------------------------|--|--|
| ISO 14001 | Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. | Steel shipbuilding |
| | Xiamen Xiangyu New Energy Co., Ltd. | Sales of metal ores, chemical products (excluding licensed chemical products), photovoltaic equipment and components & parts; domestic cargo transportation agency; sales of lithium hydroxide and nickel sulfate within the qualification scope (without storage place operation) |
| ISO 22000 | Suihua Xiangyu Cereals and Oil Technologies Co., Ltd. | Safety management activities for food production in the rice production workshop of Suihua Xiangyu Cereals and Oil Technologies Co., Ltd. (located in Zhangwei Town, Beilin District, Suihua City) |
| ISO 27001 | Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. | Information security management activities related to shipbuilding; Information Security Statement of Applicability (SOA) Version 1.1 |
| ISO 45001 | Yancheng Xiangyu Environmental Resources Mining Technology Co., Ltd. | Production and sales of iron concentrate products, and supporting activities thereof |
| | Chengda Products (Xiamen) Co., Ltd. | Domestic trade and import/export trade of ferrous and non-ferrous metal raw materials and their products (except for hazardous chemicals and goods restricted by state for corporate operation or prohibited by state for import/export) |
| | Fujian Xiangyu New Energy Co., Ltd. | Sales of photovoltaic equipment and components & parts; domestic cargo transportation agency; international cargo transportation agency |
| | Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. | Steel shipbuilding |
| ISO 50001 | Xiamen Xiangyu New Energy Co., Ltd. | Sales of metal ores, chemical products (excluding licensed chemical products), photovoltaic equipment and components & parts; domestic cargo transportation agency; sales of lithium hydroxide and nickel sulfate within the qualification scope (without storage place operation) |
| | Yancheng Xiangyu Environmental Resources Mining Technology Co., Ltd. | Management of energy procurement, receiving & storage, transportation/distribution, and use involved in the production, operation and service of iron concentrate products, as well as the application of energysaving technologies |
| | Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. | Energy management activities involved in the steel shipbuilding process |
| HACCP | Rizhao Xiangming Oils Co., Ltd. | Processing of edible soybean oil and raw material soybean meal of feed |

Index of Indicators

Benchmark Index to the Guidelines of the Stock Exchange

| Topics disclosed | Sections of the Report |
|--|---|
| Climate Change Tackling | Energy Conservation and Carbon Reduction to Respond to Climate Change |
| Pollutant discharge | Pollution Prevention and Control to Promote Ecological Protection |
| Waste disposal | Pollution Prevention and Control to Promote Ecological Protection |
| Ecosystem and bio-diversity protection | Pollution Prevention and Control to Promote Ecological Protection |
| Environmental compliance management | Environmental Compliance to Consolidate Responsibility Management |
| Energy usage | Energy Conservation and Carbon Reduction to Respond to Climate Change |
| Usage of water re-sources | Resource Conservation to Develop Recycling Economy |
| Circular economy | Resource Conservation to Develop Recycling Economy |
| Rural revitalization | Take Responsibility, Share Development Achievements |
| Contributions to the society | Take Responsibility, Share Development Achievements |
| Innovation-driven | Innovation-driven, Escort Industrial Upgrading |
| Technology ethics | Not involved. The Company's core business does not involve scientific research, technology development and other activities in sensitive fields such as life sciences and artificial intelligence ethics. |
| Supply chain security | Gather Sincerity, Build Cooperative Ecosystem |
| Equal treatment to small and medi-um-sized enterprises | Not involved. The Company treats small and medium-sized enterprises equally, and there is no overdue payment to small or medium-sized en-terprises. |
| Safety and quality of products and services | Gather Sincerity, Build Cooperative Ecosystem |
| Data security and customer privacy protection | Innovation-driven, Escort Industrial Upgrading |
| Employees | People-oriented, Compose a Bright Future |
| Due diligence | Risk Control Orientation to Securely Adhere to the Com-pliance Bottom Line |
| Communications with stakeholders | ESG Management |
| Anti-commercial bribery and an-ti-corruption | Honest Business Operation to Adhere to Commercial Ethics |
| Anti-unfair competi-tion | Honest Business Operation to Adhere to Commercial Ethics |

GRI Content Index

| | |
|------------------|---|
| Statement of use | Xiamen Xiangyu has reported the information cited in this GRI content index for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI STANDARD | DISCLOSURE | LOCATION |
|---------------------------------|---|--|
| GRI 2: General Disclosures 2021 | | |
| 2-1 | Organizational details | About Xiamen Xiangyu |
| 2-2 | Entities included in the organization's sustainability reporting | Report Preparation Description |
| 2-3 | Reporting period, frequency and contact point | Report Preparation Description |
| 2-4 | Restatements of information | Report Preparation Description |
| 2-5 | External assurance | Independent Assurance and Statement of Opinion |
| 2-6 | Activities, value chain and other business relationships | ESG Management |
| 2-7 | Employees | People-oriented, Compose a Bright Future |
| 2-8 | Governance structure and composition | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-10 | Nomination and selection of the highest governance body | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-11 | Chair of the highest governance body | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | ESG Management |
| 2-13 | Delegation of responsibility for managing impacts | ESG Management |
| 2-14 | Role of the highest governance body in sustainability reporting | ESG Management |
| 2-15 | Conflicts of interest | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-16 | Communication of critical concerns | ESG Management |
| 2-17 | Collective knowledge of the highest governance body | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-18 | Evaluation of the performance of the highest governance body | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-19 | Remuneration policies | People-oriented, Compose a Bright Future |
| 2-20 | Process to determine remuneration | Standardized Operations to Achieve Efficient and Steady Governance |
| 2-25 | Processes to remediate negative impacts | Gather Sincerity, Build Cooperative Ecosystem |
| 2-26 | Mechanisms for seeking advice and raising concerns | Honest Business Operation to Adhere to Commercial Ethics; People-oriented, Compose a Bright Future |
| 2-27 | Compliance with laws and regulations | Risk Control Orientation to Securely Adhere to the Compliance Bottom Line |
| 2-29 | Approach to stakeholder engagement | ESG Management |

| GRI STANDARD | | DISCLOSURE | LOCATION |
|---|--|---|---|
| GRI 3: Material Topics 2021 | | | |
| 3-1 | | Process to determine material topics | ESG Management |
| 3-2 | | List of material topics | ESG Management |
| 3-3 | | Management of material topics | ESG Management |
| GRI 201: Economic Performance 2016 | | | |
| 201-1 | | Direct economic value generated and distributed | Refer to the annual report |
| 201-3 | | Defined benefit plan obligations and other retirement plans | People-oriented, Compose a Bright Future |
| GRI 203: Indirect Economic Impacts 2016 | | | |
| 203-1 | | Infrastructure investments and services supported | Take Responsibility, Share Development Achievements |
| 203-2 | | Significant indirect economic impacts | Take Responsibility, Share Development Achievements |
| GRI 205: Anti-corruption 2016 | | | |
| 205-1 | | Operations assessed for risks related to corruption | Honest Business Operation to Adhere to Commercial Ethics |
| 205-2 | | Communication and training about anti-corruption policies and procedures | Honest Business Operation to Adhere to Commercial Ethics |
| 205-3 | | Confirmed incidents of corruption and actions taken | Honest Business Operation to Adhere to Commercial Ethics |
| GRI 206: Anti-competitive Behavior 2016 | | | |
| 206-1 | | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | No Related Lawsuit in the Company |
| GRI 207: Tax 2019 | | | |
| 207-1 | | Approach to tax | Risk Control Orientation to Securely Adhere to the Compliance Bottom Line |
| 207-2 | | Tax governance, control, and risk management | Risk Control Orientation to Securely Adhere to the Compliance Bottom Line |
| 207-3 | | Stakeholder engagement and management of concerns related to tax | Refer to the annual report |
| 207-4 | | Country-by-country reporting | Refer to the annual report |
| GRI 301: Materials 2016 | | | |
| 301-1 | | Materials used by weight or volume | Resource Conservation to Develop Recycling Economy |
| 301-3 | | Reclaimed products and their packaging materials | Resource Conservation to Develop Recycling Economy |
| GRI 302: Energy 2016 | | | |
| 302-1 | | Energy consumption within the organization | Energy Conservation and Carbon Reduction to Respond to Climate Change |
| 302-4 | | Reduction of energy consumption | Energy Conservation and Carbon Reduction to Respond to Climate Change |
| 302-5 | | Reductions in energy requirements of products and services | Energy Conservation and Carbon Reduction to Respond to Climate Change |

| GRI STANDARD | | DISCLOSURE | LOCATION |
|---|--|--|---|
| GRI 303: Water and Effluents 2018 | | | |
| 303-1 | | Interactions with water as a shared resource | Resource Conservation to Develop Recycling Economy |
| 303-2 | | Management of water discharge-related impacts | Pollution Prevention and Control to Promote Ecological Protection |
| 303-4 | | Water discharge | Pollution Prevention and Control to Promote Ecological Protection |
| 303-5 | | Water consumption | Resource Conservation to Develop Recycling Economy |
| GRI 304: Biodiversity 2016 | | | |
| 304-1 | | Operational sites owned, leased, managed in or near protected areas and areas of high biodiversity value outside protected areas | Pollution Prevention and Control to Promote Ecological Protection |
| GRI 305: Emissions 2016 | | | |
| 305-5 | | Reduction of GHG emissions | Energy Conservation and Carbon Reduction to Respond to Climate Change |
| 305-7 | | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Pollution Prevention and Control to Promote Ecological Protection |
| GRI 306: Waste 2020 | | | |
| 306-1 | | Waste generation and significant waste-related impacts | Pollution Prevention and Control to Promote Ecological Protection |
| 306-2 | | Management of significant waste-related impacts | Pollution Prevention and Control to Promote Ecological Protection |
| 306-3 | | Waste generated | Pollution Prevention and Control to Promote Ecological Protection |
| GRI 308: Supplier Environmental Assessment 2016 | | | |
| 308-1 | | New suppliers that were screened using environmental criteria | Gather Sincerity, Build Cooperative Ecosystem |
| 308-2 | | Negative environmental impacts in the supply chain and actions taken | Gather Sincerity, Build Cooperative Ecosystem |
| GRI 401: Employment 2016 | | | |
| 401-1 | | New employee hires and employee turnover | People-oriented, Compose a Bright Future |
| 401-2 | | Benefits provided to full-time employees that are not provided to temporary or part-time employees | People-oriented, Compose a Bright Future |
| 401-3 | | Parental leave | People-oriented, Compose a Bright Future |
| GRI 403: Occupational Health and Safety 2018 | | | |
| 403-1 | | Occupational health and safety management system | People-oriented, Compose a Bright Future |
| 403-2 | | Hazard identification, risk assessment, and incident investigation | People-oriented, Compose a Bright Future |
| 403-3 | | Occupational health services | People-oriented, Compose a Bright Future |
| 403-4 | | Worker participation, consultation, and communication on occupational health and safety | People-oriented, Compose a Bright Future |
| 403-5 | | Worker training on occupational health and safety | People-oriented, Compose a Bright Future |
| 403-6 | | Promotion of worker health | People-oriented, Compose a Bright Future |

| GRI STANDARD | DISCLOSURE | LOCATION |
|---|---|--|
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | People-oriented, Compose a Bright Future |
| 403-8 | Workers covered by an occupational health and safety management system | People-oriented, Compose a Bright Future |
| 403-9 | Work-related injuries | People-oriented, Compose a Bright Future |
| 403-10 | Work-related ill health | People-oriented, Compose a Bright Future |
| GRI 404: Training and Education 2016 | | |
| 404-1 | Average hours of training per year per employee | People-oriented, Compose a Bright Future |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | People-oriented, Compose a Bright Future |
| GRI 405: Diversity and Equal Opportunity 2016 | | |
| 405-1 | Diversity of governance bodies and employees | Standardized Operations to Achieve Efficient and Steady Governance; People-oriented, Compose a Bright Future |
| GRI 406: Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | People-oriented, Compose a Bright Future |
| GRI 413: Local Communities 2016 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Take Responsibility, Share Development Achievements |
| GRI 414: Supplier Social Assessment 2016 | | |
| 414-1 | New suppliers that were screened using social criteria | Gather Sincerity, Build Cooperative Ecosystem |
| 414-2 | Negative social impacts in the supply chain and actions taken | Gather Sincerity, Build Cooperative Ecosystem |
| GRI 416: Customer Health and Safety 2016 | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Gather Sincerity, Build Cooperative Ecosystem |

Reader Feedback Form

Dear readers,

Thank you for reading the *Environmental, Social and Governance (ESG) Report 2024 of Xiamen Xiangyu Co., Ltd.* To provide you and other stakeholders with more professional and valuable ESG corporate information, please kindly assist us in completing the relevant questions in the Feedback Form, so as to help us further improve the ESG work in the future.



Scan to complete the Reader Feedback Form

Choice questions (Please tick √ the appropriate place)

☐ Employee ☐ Customer ☐ Supplier ☐ Regulatory Body ☐ Investor ☐ Media ☐ Others (Please specify)

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

☐ Very Reasonable ☐ Reasonable ☐ Average ☐ Poor ☐ Very Poor

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

Open question:

What comments and advice do you have for Xiamen Xiangyu's ESG work?

Independent Assurance and Statement of Opinion

InFaith Group (hereinafter referred to as “InFaith”), as entrusted by Xiamen Xiangyu Co., Ltd. (hereinafter referred to as “Xiamen Xiangyu”), has conducted independent limited assurance of the environmental, social and governance information and data disclosed in Xiamen Xiangyu 2024 Environmental, Social and Governance Report (hereinafter referred to as “Report”), and disclosed the assurance result and conclusion to readers of the Report in the form of independent assurance and statement of opinion.

Independence and Capability

- 1. All the assurance team members of InFaith have no business relationship with Xiamen Xiangyu that leads to conflicts of interest; The team of InFaith has performed this assurance work independently.
- 2. The assurance team of InFaith consists of experienced professionals in the industry. Relevant persons have received professional training on the GRI Standards issued by the GRI, AA1000AS v3, ISO 14001, ISO 26000, SA 8000, EcoVadis global supply chain rating and other sustainability-related standards and have adequate understanding and practical experience in relevant international principles, evaluation systems and assurance standards.

Assurance Statement

- 1. Xiamen Xiangyu management shall be fully held accountable for the preparation and content of the Report. It is the responsibility of InFaith to conduct an assurance based on the scope as described herein, and to provide professional assurance opinions to the Report readers and stakeholders.
- 2. Based on the assurance scope limits, InFaith shall, in accordance with AA1000AS v3, conduct independent limited assurance and guarantee conclusion for the matters within the scope defined in the Report. In addition to providing independent assurance and making other statements of opinion on the facts of assurance under the conclusion, InFaith will not assume any legal or other liabilities for any inquiries for any other purposes, or for any other persons who read this Independent Assurance and Statement of Opinion.
- 3. Any questions regarding the contents or related matters stated therein will be answered by Xiamen Xiangyu..
- 4. In the event of any conflict or inconsistency between the Chinese version and the English version of this Independent Assurance and Statement of Opinion, the Chinese version shall prevail.

Assurance Standard

InFaith adopts AA1000 v3 type-1 medium assurance level, which includes Xiamen Xiangyu’s evaluation of the compliance situation and degree of the four AA1000 v3 assurance principles, including inclusiveness, substantiality, responsiveness and impact.

Assurance Scope

- 1. The assurance scope is limited to the information and data of Xiamen Xiangyu and its affiliated companies covered by the Report, excluding the data and information of Xiamen Xiangyu suppliers, contractors and other third parties.
- 2. InFaith adopts AA1000AS v3 type-1 moderate assurance level to evaluate Xiamen Xiangyu’s compliance nature and degree of the four assurance principles in AA1000AS v3.

Assurance Process and Work

- In order to collect evidence related to the conclusion, Infaith Group has carried out the following work:
- 1. Interview with the senior management team and employees of Xiamen Xiangyu Co., Ltd. to understand the overall situation and related processes of Xiamen Xiangyu Co., Ltd. in fulfilling its corporate environmental, social and governance responsibilities.
 - 2. Verify the key development and policy implementation of relevant organizations of Xiamen Xiangyu Co., Ltd., and the supporting evidence of the announcement made in the verification report.
 - 3. Through interviews and inspection of relevant documents, understand the expectations and needs of major stakeholders and stakeholders of Xiamen Xiangyu Co., Ltd., the specific communication channels between the two parties, and how Xiamen Xiangyu Co., Ltd. responds to the expectations and needs of stakeholders.
 - 4. Select the information related to environment, society and governance in this report, carry out analytical verification procedures and overall performance of this information, and evaluate and verify whether it is consistent with the contents of the report.

- 5. Verify the process management of the principles of inclusiveness, materiality, responsiveness and impact in the report and its related AA1000AS v3 to confirm the appropriateness of this statement.
- 6. Perform other procedures deemed necessary by Infaith Group.

Assurance Conclusions

- 1. According to the information provided by Xiamen Xiangyu and the sample test, there is no misrepresentation in the Report.
- 2. For the principles of inclusiveness, substantiality, responsiveness and impact included in AA1000AS v3, the detailed assurance conclusions are as follows:

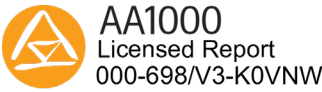
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|----------------|--|
| Inclusiveness | According to the Report, Xiamen Xiangyu has taken important measures including continuously seeking the participation of stakeholders in the business operation, understanding their expectations and concerns, communicating about and confirming substantive issues in a timely manner, etc., to respond responsibly and strategically to stakeholders related to the social responsibilities of the Company. |
| Substantiality | Xiamen Xiangyu has announced major topics that will have substantial influence and impact on the evaluation, decision-making, actions and performance of the organization and its stakeholders, and judged and improved the management and performance of the issues. |
| Responsiveness | Xiamen Xiangyu has implemented relevant policies, and is able to respond to issues that concern the stakeholders in a timely manner. |
| Impact | Xiamen Xiangyu has the adequate ability to identify substantive issues. It has implemented balanced and effective evaluation and disclosure methods, and has established a systematic process for monitoring, measurement, evaluation and management impact, so as to achieve more efficient management of decision-making and results within the organization, and demonstrate the impact of the substantive issues in an impartial and objective manner. |

- 3. Based on the procedures implemented and the evidence obtained by InFaith, we have found nothing that causes us to doubt the reliability and quality of the specific performance indicators selected in the Report.

Limitation

The assurance process was carried out at the location within the scope of the Report. Because there is no internationally recognized and commonly used standard for the evaluation and measurement of non-financial information, the application of different but acceptable information and measurement technologies may affect the comparability with other institutions.

If you have any advice for this Independent Assurance and Statement of Opinion, you may contact:
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Shanghai, June 2025