



# 2023

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

XMYG CORP.

# ESG





# Message from Chairman

Despite the wind and rain, we forge ahead with fortitude and resilience. Given the profound changes unseen in a century and grave external environment, the Chinese modernization is a science-based response to the questions posed by China, by the world, by the people, and by the times, a great path to the coordinated material and cultural-ethical advancement, the harmonious coexistence between human and nature, the common prosperity and peaceful development, as well as the guiding principle for ESG practices. In 2023, embarking on the path of Chinese modernization, XMXYG was committed to the mission of “benefiting the world, achieving success together”. Focusing on challenges in uneven, uncoordinated and unsustainable development, we further deepened reform, and endeavored to advance ESG progress and stimulate the resilience and momentum of sustainable development with our responsibilities and wisdom.

**Embarking on the right path to consolidate development by governance reform.** In 2023, the *2023-2025 Action Plan for Deepening SOE Reform* was released, ushering in a new stage of SOE reform. Under the Party's overall leadership for state-owned enterprises, we optimized the modern corporate system with Chinese characteristics, established the Compensation and Assessment Committee, and formulated a series of regulations including the Rules of Procedure for Board of Directors, significantly improving our corporate governance. To address the uncertainties in external environment, we upheld the “risk first” idea, and advanced the establishment of the risks joint prevention and control system. As a result, we achieved lean internal control and closed-loop risk management, and raised the efficiency for risk perception and assessment, safeguarding sound corporate development.

**Intensifying efforts to promote industrial advancement by digital and intelligent innovation.** In 2023, fostering new quality productive forces became the top priority of pursuing high-quality development. We moved faster to build a new ecology for supply chain by means of digital and intelligent innovation, empower made-in -China products, and enhance China's strength in independent R&D. Over the past year, the “Yu Lian Tong” digital supply chain service platform has brought more cooperative banks and access scenarios and broadened business channels. It supported customers in wining bank financing with a 150% year-on-year increase, building momentum in the real economy. As for the livelihood sector, we provided more intelligent and convenient living, elderly-caring and cultural tourism experiences relying on our online platforms such as “Meet U”.

**Fulfilling the responsibility to advance material and cultural-ethical development by CSR performance.** In 2023, the 3rd Belt and Road Forum for International Cooperation was convened, a hallmark for peaceful development and win-win cooperation. Leveraging our geographical and resource advantages, we pioneered in pursuing higher-standard opening up and high-quality cooperation under the Belt and Road Initiative, and worked to build momentum in supporting employment, economic growth and better livelihood for BRI countries and regions, contributing to promoting a human community with a shared future. We also continued with our footstep in the charity cause by rolling out a series of XMXGY activities, such as the XMXYG Chinese chess carnival and the voluntary blood donation event with the theme “Chinese Blood, Cross-Strait Affection”. Relying on XMXYG Senior Living and YUGUO Apartment, we left no stone unturned to carry forward the core socialist values and fine traditional Chinese virtues, promoting material and cultural-ethical advancement.

**Promoting the low-carbon transition to build a home for all by green development.** In 2023, the *National Carbon Peaking Pilot Scheme* was issued, bolstering China's carbon peaking and carbon neutrality strategy. To engage in this strategy, we leveraged our advantages in supply chain and industry chain to introduce industrial resources and implement carbon reduction solutions across a multiple of industries and scenarios. We engaged in the new energy ecology of lithium batteries, photovoltaics, and energy storage to support clean energy development. We established green logistics channels to keep improving the clean transportation of bulk goods. We empowered the low-carbon transition for the manufacturing sector by virtue of technological innovation and integrated financial solutions. As a result, we have made great strides in fostering the harmonious coexistence between human and nature by building green cities and ports, and blazed a new path for the “Xiamen Practice” of Xi Jinping's thought on ecological civilization.

**Steering “XMXYG Ship” to fulfill the Chinese dream by high-performing talents.** A nation will prosper only when her young people thrive. In 2023, talent training and team building were regarded as a future-oriented project of XMXYG. On one hand, by means of transparent recruitment and dynamic internal rotation, we infused fresh blood into our team. On the other, we paid close attention to the growth of young talents, making their voices heard through an equal and two-way approach. We endeavored to empower them through our diverse and three-dimensional training system, and foster an open and inclusive atmosphere where they can create their unique values and unleash the power of youth, thus contributing to the corporate goal of building a century-old strong enterprise.

The journey ahead may be long and arduous, but with sustained actions, we will eventually reach our destination and embrace a brighter future. In 2024, we will continue with our greatest political goal of advancing Chinese modernization, and integrate ESG philosophy into the entire processes of corporate operation and management. We will continuously safeguard the environment, improve social welfare, and vitalize governance. As the forerunner of innovative industrial development and further reform and opening up, we will bear in mind the country's most fundamental interests to perform our duties for the people, and join hands with all partners to pursue higher-quality, more responsible and sustainable growth, thereby contributing to the goals of building a modern socialist country in all respects and driving global sustainable development.



Zhang Shuili

Party Secretary and Chairman of XMXYG





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(Unpublished data for free exchanges)

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# About XMXYG

## Our company

XMXYG Corporation is a state-owned business group under Xiamen Municipal Government, which was founded on November 28, 1995. Committed to the mission of benefiting the world and achieving success together, we engage in industrial investment and specialized operation. Our businesses include Commodity Supply Chain, Urban Development and Operation, Integrated Financial Services, Port and Shipping, Innovation Incubation, etc. We aim to become a globally-competitive, comprehensive investment holding group focused on supply chains.

### Honors

142<sup>nd</sup>

Among 2023 Fortune Global 500

43<sup>rd</sup>

Among 2023 Fortune China 500

42<sup>nd</sup>

Among China's Top 500 Enterprises in 2023

23<sup>rd</sup>

Among China's Top 500 Enterprises of Service Industry in 2023

119<sup>th</sup>

Among China's 500 Most Valuable Brands in 2023

Recognized as a 2023 Excellent ESG Case of Chinese Enterprises

Rated AAA

by China Lianhe Credit Rating

Rated AAA

in China's foreign trade credit rating

Rated AAA

by CCXI Credit Rating

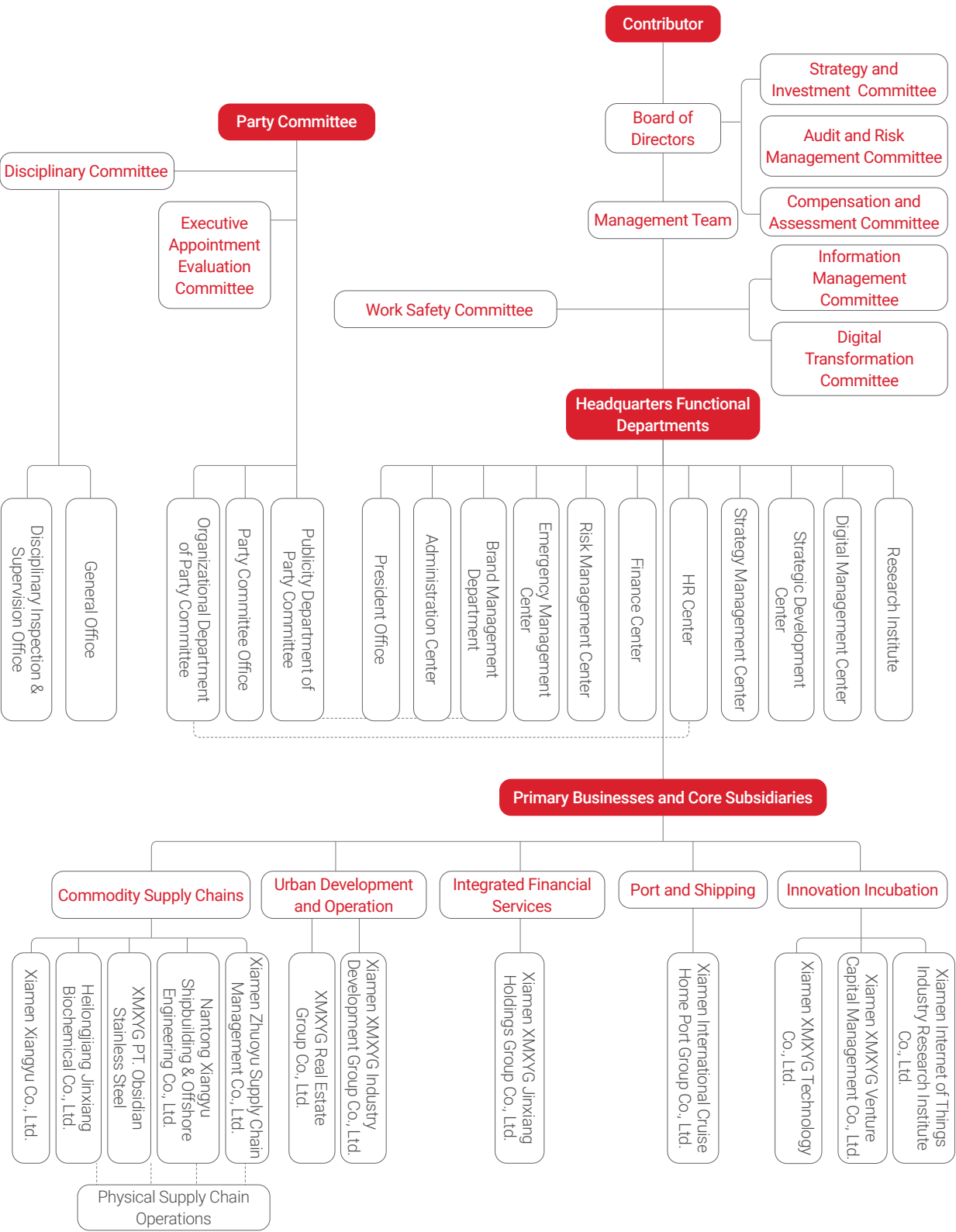
Awarded the First Prize of the 29th China Enterprise Management Modernization Innovation Achievement

Recognized as an Excellent Case of "Co-Building a New Silk Road" in 2023 Chinese Enterprise Global Image Building

Partner of National Service Trade Innovation and Development Guidance Fund

Partner of China Agricultural Reclamation Industry Development Fund

## Organizational structure





# Investments

## Commodity supply chains

We are committed to serving national strategies and regional economic development, and adhere to the strategy of “basing on supply chains, serving industrial chains, and creating value chains”. With an XMYG Integrated Digital and Intelligent Supply Chain Service Platform, we quickly respond to customer needs, integrate global high-quality resources, and provide diversified service packages and customized integrated supply chain solutions, so as to build a safe, stable, smooth and efficient industrial chain and supply chain system and create a mutually beneficial and win-win value ecosystem.

### 2023 business highlights

- We continuously promoted industrial innovation and transformation across the supply chain. XMYG Co., Ltd.'s digital supply chain service system “Yu Lian Tong” ranked among the 2023 Dingge Award Digital Transformation Pioneer List and was included in the 2022 Excellent Cases of China Logistics and Supply Chain Financial Services.
- The first bulk carrier of PT. Xiangyu Shipping Line, a subsidiary of XMYG Co., Ltd., completed its maiden voyage, marking our another vital step in developing international logistics network.

## Urban development and operation

This business segment started with the successful development and construction of Xiamen Xiangyu Free Trade Zone. After more than 30 years of development, XMYG's business type now covers residential and commercial properties, elderly care, long-term rental apartments, old house renovation, etc. It plays an important role in the construction, urban renewal, area development and industrial platform construction of the Yangtze River Delta and the economic zone on the west side of the Taiwan Straits and the cities where the projects are located, with a pivotal role of state-owned enterprises in regional socio-economic development.

### 2023 business highlights

- XMYG Real Estate ranked 59th among the “China's Top 100 Real Estate Enterprises”. Several of its residential projects won international awards such as the North American Premio Interceramic (PI) Award, the Outstanding Property Award London (OPAL), the Asia Pacific Design Award for Elite by the Asia Pacific Design Center (APDC), the REARD Global Design Award, and the American MUSE Design Award.

## Comprehensive financial services

With the responsibility of “assisting industrial growth, revitalizing assets, and supporting dreams of life”, we strive to build a XMYG financial ecosystem and establish financial business platforms by integrating internal and external industrial and financial resources. Our aim is to provide customers with convenient, efficient and quality financial services to achieve win-win cooperation among all stakeholders.

## Ports and shipping

This business segment has witnessed the century-old history of Xiamen City from its establishment to development and boom because of the port in it. Based on Xiamen's strategic position as a maritime cooperation hub and an international gateway, we have actively explored FTZ pilot reforms, deepened exchanges and cooperation with Taiwan, and strived to enhance the city's influence. Besides, based on the port shipping industry, we set off towards the sea, and seek coordinated development between the port and the city, and between mountains and coastal areas. We are going to build Xiamen into a modern international metropolis with natural beauty, and a model city in the great modern socialist country we are heading for. Meanwhile, we will also write a brilliant chapter of XMYG.

### 2023 business highlights

- The one-stop smart tourism service selection platform “Meet U” was launched. The construction and business attraction initiative of the first cultural, commercial, and tourism complex “Time Meets Island” were in full gear. The complex, designed to promote Southern Fujian culture in China, gives new impetus to the high-quality development of cultural tourism in Xiamen.

## Innovation incubation

We invest in and cultivate emerging industries, and “industry + Internet”, build a platform for innovating business models and mechanisms. We also transform independent investment companies into strategic ones, integrate and coordinate resources, and reserve value-added points for the future.



# Value Creation in 2023



## Economic performance

¥**331.6** billion  
 Total assets

¥**490.5** billion  
 Revenue

¥**1.3** billion  
 Total profits

¥**1** billion  
 Net profits



## Governance performance

¥**198** million  
 Investment in digitization

¥**196** million  
 R&D investment

**197**  
 Total authorized patents

**28**  
 Reports on risk assessment  
 compiled in various industries

**83**  
 Integrity education  
 sessions held

**0**  
 Major network security  
 incidents in 2023



## Environmental performance

**2,319,103** t CO<sub>2</sub>e  
 GHG emission reduction<sup>1</sup>

**4.6** million m<sup>2</sup>  
 Total certified green building area

**246**  
 Environmental protection training  
 sessions

**28,091**  
 Participants in environmental protection training

1: The data involves XMYG Co., Ltd., XMYG Biochemical,  
 XMYG Real Estate, XMYG I. D. G., Zhuoyu Supply Chain and  
 XMYG S. O. E.



## Social performance

¥**20.4** billion  
 Taxes paid

¥**29.5** billion  
 Social contribution

¥**6.2845** million  
 Investment in employee training orga-  
 nized by XMYG Business School

**86.37** hours  
 Average training hours  
 per employee

**1,000+**  
 Employees engaging in  
 voluntary services

**100%**  
 Vocational health and safety training cov-  
 erage rate



# ESG Governance

## ESG principles

Committed to the corporate mission of "benefiting the world and achieving success together", we have established five ESG principles. We are committed to building a symbiotic and win-win value ecosystem with various stakeholders such as investors, customers, partners, and employees. We are writing a sustainable development answer sheet in areas such as corporate governance, environmental protection, industry innovation, common prosperity, and talent training.

### Sound Governance

We adhere to the "Risk First" principle, and strive to preserve and appreciate the values of our state-owned assets by means of science-based management and prudent operations to repay our shareholders.

### Green Empowerment

We firmly believe that lucid waters and lush mountains are invaluable assets, and put environmental protection before everything else. To this end, we work diligently to pursue green development and endeavor to be a forerunner of ecological conservation.

### Win-win Cooperation

We firmly believe that "a partnership forged with the right approach defies geographical distance". Supported by the XMXYG model of building platforms and promoting win-win cooperation, we aim to pursue a symbiotic and win-win value ecosystem for a sustainable future.

### Responsibility Fulfillment

We are resolved to keep in step with the national development, and serve the national strategies based on our primary responsibility and businesses, thus boosting social and economic development and improving Chinese people's well-being.

### People-oriented Approach

XMXYG regards its employees as the foundation for development. We make every effort to protect employee rights and interests, offer them a firstclass platform for future development, and work to build a healthy, harmonious and pleasant working environment, so that they can fulfill their own values.

## Governance structure

We have established a top-down ESG management structure across the board with multi-stakeholder interaction. Through regular communication, reporting, evaluation, and supervision, we ensure the effective communication and implementation of ESG initiatives, and steadily improve ESG governance and performance.



## ESG progress in 2023

In 2023, XMXYG Research Institute, in conjunction with XMXYG Co., Ltd. and its subsidiaries such as XMXYG New Energy and XMXYG Aluwin, initiated special discussions on ESG topics. We took a deep dive into the latest ESG trend and the risks and opportunities it may bring to our operation and development, thus facilitating the integration of ESG concepts into corporate business operations. In 2023, we also solicited best ESG practices across the Corporation, and encouraged our subsidiaries to apply for external related awards, sharing XMXYG's ESG practices and experience with others. As our ESG journey unfolded in 2023, our ESG practices were recognized by many parties.

### Honors

XMXYG's case was included in **"2023 Excellent ESG Cases of Chinese Enterprises"**

XMXYG Co., Ltd. won the **"Best ESG Rising Star Award" at the 7th China Outstanding IR Contest**

XMXYG Co., Ltd. was rated as **"2023 China Logistics ESG Model Enterprise"**

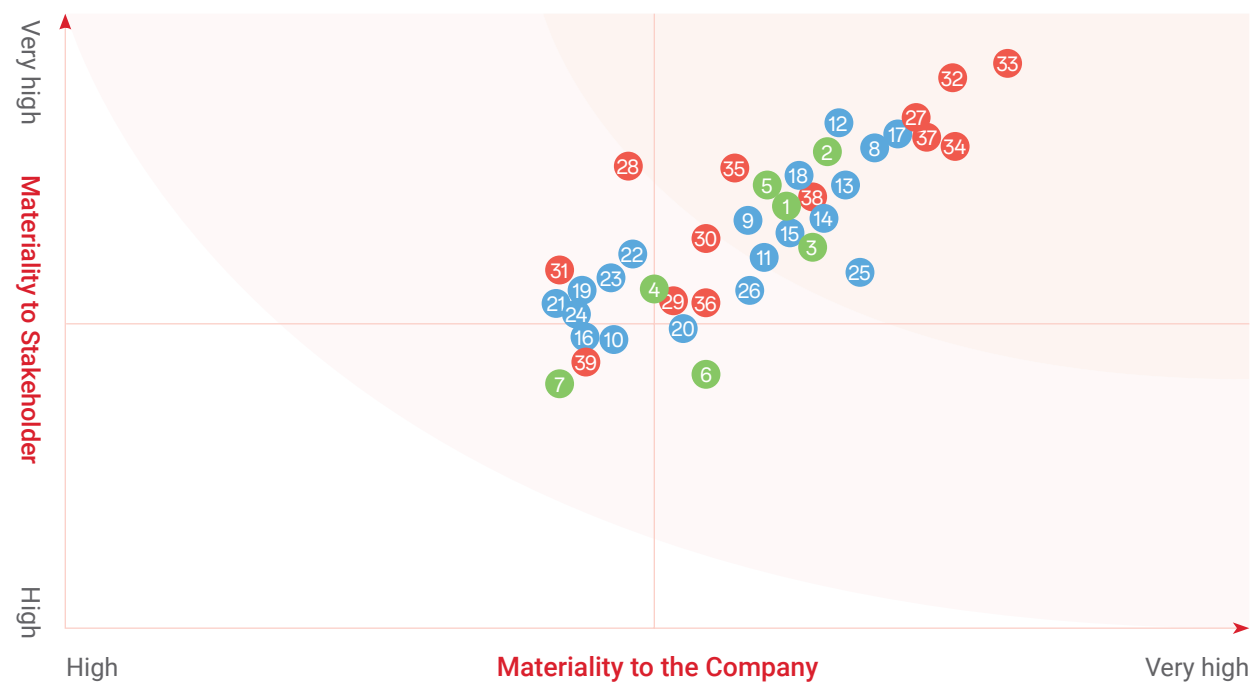
XMXYG Real Estate was listed in the **2023 GoldenBee CSR China Honor Roll** and won the **"ESG Competitiveness · Strategic Public Benefit Award"**

XMXYG PT. OSS was awarded the **"CSR Excellence Award 2023"** by the **China Chamber of Commerce in Indonesia**



## Materiality analysis

To gauge stakeholders' concerns regarding environmental, social, and governance issues, we employ the materiality analysis process of the GRI Standards. In this regard, we survey internal and external stakeholder by questionnaires and other ways, take into account findings from the previous year's materiality analysis and pay attention to the focus of capital markets, investors and the public on ESG matters. Through these endeavors, we manage to identify and select key material topics deemed pertinent to our business and stakeholders, which are highlighted and disclosed in this report.



Environmental	Social	Governance
1 Responding to "carbon peaking and carbon neutrality" strategy	8 Product and service quality	20 Promoting industry progress
2 Environmental management	9 Customer safety	21 Partnership for cooperation
3 Energy management	10 Responsible marketing	22 Charity
4 Water resource management	11 Complaint handling mechanism	23 Volunteer service
5 Pollutant emission management	12 Human rights protection	24 Advancing rural vitalization
6 Addressing climate change	13 Employee rights and development	25 Promoting the Belt and Road Initiative
7 Protecting biodiversity	14 Employee compensation and benefits	26 Boosting regional development
	15 Employee occupational health and safety	
	16 Employee care	
	17 Transparent Procurement	
	18 Responsible supply chain	
	19 Supporting supplier development	
		27 Anti-corruption and integrity
		28 Anti-unfair competition and anti-monopoly
		29 Reporting mechanism and whistleblower protection
		30 Business ethics
		31 Transparent information disclosure
		32 Risk management
		33 Sound governance
		34 Compliance operations
		35 Technological innovation
		36 Deepening the SOE reform
		37 Business performance
		38 Information security management
		39 Intellectual property protection

## Stakeholder communications

XMXYG is committed to establishing long-term cooperative relationships with stakeholders based on mutual trust. In line with the principles of integrity, interaction, equality, and transparency, we continuously improve the stakeholder engagement mechanism and communication methods, understand the demands and expectations of stakeholders towards the Corporation, and review our work performance on key issues, with an aim to continuously improve our ESG governance capabilities and performance.

Stakeholders	Expectations and demands	Communication methods
Government and regulators	<ul style="list-style-type: none"> <li>Law-abiding and compliant operations</li> <li>Taxation and job creation</li> <li>Serving national strategies</li> <li>Serving regional development</li> </ul>	<ul style="list-style-type: none"> <li>Daily reporting and communication</li> <li>Exchange and visits</li> <li>Responding to government and policy's call</li> <li>Accepting supervision and assessment</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Preservation and appreciation of state-owned assets</li> <li>Protecting shareholder interests</li> <li>Information disclosure and transparency</li> <li>Reducing business risks</li> </ul>	<ul style="list-style-type: none"> <li>Statutory information disclosure</li> <li>Shareholders' Meeting</li> <li>Results presentation meeting</li> <li>Websites, hotlines, visits, roadshows, etc.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Compensation, benefits and rights protection</li> <li>Occupational health and safety</li> <li>Training and development</li> <li>Unblocked communication channels</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Congress</li> <li>Employee satisfaction survey</li> <li>Internal communication platforms</li> <li>Employee Seminar</li> <li>Employee training and activities</li> <li>Trade union organizations</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Digital transformation</li> <li>Customer information security</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer seminars and visits</li> <li>Exhibition activities</li> <li>Customer feedback and complaint channels</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Contract fulfillment with integrity</li> <li>Responsible procurement</li> <li>Promoting industry development</li> </ul>	<ul style="list-style-type: none"> <li>Transparent procurement information</li> <li>Participating in industry activities</li> <li>Enterprise communication and inspection</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Enhancing environmental management capabilities</li> <li>Green products and services</li> <li>Low-carbon transformation</li> <li>Green operations</li> </ul>	<ul style="list-style-type: none"> <li>Environmental risk assessment of projects</li> <li>Promoting the development of green industries</li> <li>Environmental information disclosure</li> <li>Environmental charity and publicity</li> </ul>
Communities and the public	<ul style="list-style-type: none"> <li>Rural vitalization</li> <li>Community-based charity</li> <li>Volunteer service</li> </ul>	<ul style="list-style-type: none"> <li>Charitable donation</li> <li>Voluntary activities</li> <li>Community communication and interaction</li> </ul>



## Spotlight 1

# Embracing Low-carbon Future and Boosting Global Green Transition

Since proposing the 30-60 Decarbonization Goal in 2020, China has been dedicated to meeting this commitment and speeding up the energy transition. According to the report of the International Energy Agency, the global installed capacity of renewable energy increased by 510 GW in 2023, half of which were attributable to China. China's wind and solar power products are being exported to over 200 countries and regions, making it a pivotal contributor to global green-oriented energy transition and climate change response.

Behind China's rapidly developing new energy industry chain, XXXYG is leveraging its operational edge in the supply chain of bulk commodity to help new energy enterprises, be they domestic or international, to blaze new paths for international supply chain for solar and lithium products, thereby mobilizing global resources more efficiently. XXXYG's new energy sector is witnessing wider international cooperation through multiple innovative models, laying solid foundation for global transition to green energy.



## Securing supply chain and overcoming bottlenecks to clean energy system

"Dude, I need help!"

In April 2024, the Business Manager of Xiamen Xiangyu New Energy Co., Ltd. ("XXXYG New Energy" for short) received an anxious call from the project leader of a mining company. It turned out that the lithium salt factory of this time-honored energy company would be in trial operation in July. However, just when everything was ready, something went wrong with the raw materials. The construction of the overseas mine supplying spodumene concentrate as planned was delayed. The factory had to find other sources of raw materials in a hurry. But the time of delivery was so near and the required ore quality was so high that no alternative was found in the end. The factory was in a very severe situation. Shutdown prior to official operation was a hard hit to this "green hand" in the new energy industry, even harder to the confidence of its investors.

To address the customer's concern, XXXYG New Energy formulated a two-stage plan - "5,000 tons for the first batch, 10,000 tons for second batch" - to supply spodumene concentrate. The first batch was guaranteed by reasonable allocation of the company's ore sources in hand and quantity matching with the futures market. The two batches of supply were delivered to the factory in late May and early June, securing its trial operation. "You help us solve this burning issue", says the Senior Investment Director of the energy company.

This is just one of XXXYG's abundant cases of stabilizing the new energy industry chain. As the global new energy sector moves forward rapidly, there emerges an imbalance between the supply and demand of lithium ores around the globe. There were even sharp shortages of the resource between 2021 to 2022, imposing grave impact on global green energy transition and the construction of the clean energy system. Aware of the issue long ago, XXXYG started to reallocate global lithium resources early in 2018. With strong exploitation and integration capacities targeting upstream resources, XXXYG has accessed the mineral resources in Australia, South America, Africa and other regions. In Australia, we have established stable cooperation with mainstream mines



XXXYG is accessing the mineral resources in Australia, South America and Africa

in the industry on lithium supply. In South America's Triangle, we have applied the "brine transported to China - processing and purification - downstream sales" model. In Zimbabwe, Africa where we localized our business, we provide the all-in-one service from ore testing, inland/international logistics, mineral processing, smelting to sales.

In recent years, in addition to the current mines, XXXYG is making every effort to scale up its supply of lithium ores from other regions. By promoting international cooperation on energy and stabilizing lithium supply, the Company endeavors to unlock more potential of the new energy sector.

In 2022, XXXYG New Energy sent a team to visit Nigeria, Africa. Nigeria is blessed with abundant lithium ores and the mining threshold is relatively low there, attracting nearly 300 micro and medium mineral developers and traders. The team stayed there for six months to visit those players and found that a large proportion of the local mineral developers are actually retail investors who initially worked in other fields. Due to lack of expertise in new energy sector and trade experience for international bulk commodity, they were usually struck in such predicaments as few channels to sell lithium ores, weak international logistics capacity and volatile market prices. "All we can do is wait at the wharf when we transport the goods."; "Many orders reduce to on third of their values once the goods are loaded on board. Our work is literally in vain." Things like these happen from time to time, making local mines unable to industrialize their management and development.



To address the issue, XMXYG again leveraged the XMXYG model of building platforms and promoting win-win cooperation. Leveraging its international integrated supply chain services, the Corporation has fostered a link between the mining and distribution of lithium ores along the industry chain, connecting downstream processors, demanders and financial and logistics operators.

In September 2023, XMXYG New Energy established a centralized procurement center in Abuja, Nigeria, which has the most local suppliers. The center services as a bridge connecting global lithium demanders and local suppliers. To address the difficulties in price management, logistics management and docking with the processing end, which are local mineral developers' concerns, XMXYG New Energy has introduced the policy of centralized procurement of lithium ores from local mineral traders and accessed downstream processors and demanders by leveraging its industry chain operational capability and supply chain integrated services. Utilizing its smooth international logistics network, the company has secured high-efficient mineral transportation, and established new outlets for local mineral sales and logistics. The centralized procurement adopts the payment method of cash on delivery, significantly reducing the capital pressure on local mineral traders and the price fluctuation risk.

This "XMXYG Scheme" has addressed the pain spots of many local customers, not only improving their risk-prevention capability, but reducing capital pressure and raising the efficiency of industry chain trades, logistics and finance. In the meantime, XMXYG New Energy has drove more mineral enterprises to debut in Nigeria, together promoting the standard, sustainable development of the lithium mining industry in Nigeria, driving local economic

growth and employment, and contributing to common prosperity at large.

As of the end of 2023, XMXYG New Energy has accessed the majority of lithium ores in Nigeria. XMXYG's success in exploiting the lithium resources in Nigeria has not only boosted the upgrading of local industries, but provided paradigms of exploitation of resourceful areas and sustainable development. The Company's endeavor is a huge push to the new energy industry to overcome it resources bottleneck and has built momentum in constructing a global clean energy system.

### Laying green paths to improve new energy logistics efficiency

In addition to opening up global lithium resources supply channels, XMXYG has also made a great deal of efforts in the logistics of new energy industry. The transportation of mineral products at African ports is of great demand, and the container supply is in shortage. The goods will accumulate at the port for a long period if there are not enough containers. The enterprises will also face the risk of price fluctuation. To meet the demands of large-volume transportation and higher transport efficiency and secure mineral supply to downstream lithium salt factories, XMXYG New Energy's logistics team has developed a solution based on previous experience. "Since there aren't enough containers, we can skip the packing step and transport the goods as bulk cargo. This will improve the transport efficiency with higher flexibility."

The idea becomes a reality. In August 2023, a bulk carrier loaded with 10,000 tons of lithium concentrate set sail from the Port of Beira in Mozambique, to China. That was the first case of cooperation between Zhejiang Huayou Cobalt Co., Ltd. and XMXYG New Energy, as well as the first time to transport tons of lithium concentrate in bags through a bulk carrier at the port. Compared with traditional container shipping, lithium concentrate shipped by bulk carriers without packing and transshipment at different unloading ports can achieve point-to-point direct transportation with large loading capacity, which not only solves the original shipping difficulty, but also shortens the transportation time by more than 15 days on average



The bulk carrier loaded with 10,000 tons of lithium concentrate sets sail from the Port of Beira in Mozambique, to China

compared to container transportation, greatly improving logistics efficiency. "What we want is a flexible solution that can is feasible and efficient in the next ten or one hundred transport missions", says XMXYG New Energy's logistics team.

The flexible shipping plan combining containers and bulk carriers for African lithium concentrate represents XMXYG's endless pursuit of international logistics in the new energy industry. By the end of 2023, XMXYG had built an international logistics network extending to Southeast Asia, Africa and South America, etc. To "transport equipment overseas and transport resources back", we have created a logistics chain covering project construction period, production period and growth period. For instance, we provide material and equipment exporting service during the mine construction period and post-production ore product importing service. With the one-stop service of "exportation + marine transportation + customs clearance + inland transportation", we have greatly improved logistics efficiency and shortened the project construction period.

In terms of the domestic photovoltaic (PV) industry, XMXYG has designed a green and efficient comprehensive logistics solution, leveraging its effective layout of logistics nodes and its long-term accumulation of railroad inter-modal resources. In September 2023, a special

train loaded with PV modules slowly drove out of Jiaxing Railway Station, Zhejiang, and headed west across most of the country. It is the XMXYG-LONGi PV Project Special Train built by XMXYG for LONGi, a leading enterprise in PV field. The project will improve the local energy consumption structure dominated by coal.

"XMXYG's team is doing perfect no matter what the challenge is. We are very honored to work with such sincere and professional team." LONGi's trust is attributable to XMXYG New Energy's comprehensive logistics solution. It is indeed a "door-to-door" service that help new energy customers overcome the difficulties in scheduling during transportation, high risk of cargo damage, and inter-modal latency, significantly reducing the time for transportation and risk of delay. As of the end of July 2024, the special train XMXYG New Energy built for LONGi had shipped 15 times, with over 2,000 trips in total, and the solar power generated had exceeded 1 GW, boosting the high-quality development of the domestic new energy industry. The supported PV project can generate over 1.3 TWh of electricity, equivalent to 654,000 tons of carbon emissions reduced.



In September 2023, XMXYG New Energy establishes a centralized procurement center in Abuja, Nigeria



## Innovating in new models to enhance international cooperation on green energy

In the PV industry, there are some prominent pain points that hinder efficient communication and collaboration between upstream and downstream enterprises in the industry chain, such as difficulties in connecting manufacturing enterprises with the end market due to the mismatch of resource information between the front and back ends of the industry chain, and the imperfect logistics and financial services supporting the industry.

In response, XMXYG is leveraging its resource integration capabilities across the industry chain, relying on its overseas channels and the logistics advantages and trade integration, and adopting such sales approaches as self-operated exports, overseas warehouse stocking, overseas brand OEM integration and joint customer sales to help PV products directly reach end manufacturers and customer groups. In December 2023, Singapore ChainValue Pte.Ltd., a subsidiary of XMXYG, partnered with Seraphim, the world's leading solar products manufacturer, and established a joint venture in Singapore,

expanding the global reach of PV products and services to over 25 countries, further broadening international co-operation.

In 2023, XMXYG exported 4,800 TEU of photovoltaic products, with a 117% year-on-year increase. Our overseas warehouses occupy over 180,000 square meters, serving more than 20 Chinese customers in the PV industry. In Turkey, which has the No.1 manufacturing capacity of PV modules in the Europe, XMXYG New Energy has already become a one-stop supplier for the top ten PV module manufacturers there, with raw materials supply accounting for 20%.

In July 2023, a US company was engaged in the supply of 220MW ground power station components for Avangrid, Inc., a US-listed power company. Given insufficient local production capacity in the US, it was necessary to find a contract manufacturer in Southeast Asia to produce the components. To meet the demand, XMXYG New Energy formed two teams. One flew to Vietnam, Thailand, Indonesia and other Southeast Asian countries to conduct on-site inspections and screen local component factories one by one. The other in the United States conducted in-depth project site surveys to better understand and match the needs of both upstream and downstream ends. After helping the customer select a well-established



XMXYG supports one of its customers to build a distributed photovoltaic project

Indonesian PV module factory as the OEM, XMXYG New Energy sent supervisors to the factory to supervise the manufacturing process, ensuring production efficiency and quality.

"Will our goods be impacted by the instabilities in the Red Sea?" In November 2023, the Red Sea crisis broke out, which may impact the logistics and transportation. Our customer was very worried about it. But our team once again leveraged its strong international logistics capabilities to avoid relevant risks. We arranged a reasonable route plan and timely completed the overall delivery task for the 200MW project in April 2024. This ground solar power station is expected to help reduce 242,000 tons of CO2 emissions each year. Avangrid, Inc. also gave a record high of 9 points of score for the cooperation, attributing the success to our team for its great contributions to the development of clean energy and carbon reduction.

In addition to empowering upstream and downstream customers across the industry chain with its operational capabilities, XMXYG is also vigorously responds to the national call for the development of "green finance". To this end, we flexibly employ financial tools such as factoring, financial leasing, industrial funds, direct investment, and the "YuLianTong" digital supply chain service system to provide individualized integrated financial services for customers in the industry chain, helping them integrate resources, scaling up capacities, and upgrading their

technologies. In January 2024, XMXYG launched the first "Yu Cang Rong" business for the PV module service in the new energy industry, in Tianjin Ninghe Warehouse. By providing digital supply chain financial services for Yingli Solar, we have unprecedentedly initiated digital warehouse pledge financing in the new energy industry, further improving the resilience and flexibility of the green industry chain.

Close cooperation among stakeholders is crucial for the green transition of the global economy. Upholding the innovation-driven idea, XMXYG is consistently innovating its service and cooperation models to promote efficient collaboration between upstream and downstream of the green industry chain. We aim to transform the supply chain into a "win-win chain" that connects every aspect of the green industry, thus stimulating new growth drivers for green economy.

The green transition will inevitably involve extensive and profound energy reforms. As a participant, contributor and trailblazer in global ecological conservation, China is firmly accelerating the construction of a clean, safe and efficient new energy system. In the years to come, XMXYG will continue to empower the new energy sector by leveraging its operational advantage, fostering extensive international cooperation, and exchanging opportunities for green development and win-win collaborating with other countries, thus making contributions to building a clean and beautiful world together.



XMXYG New Energy at SNEC 16th (2023) International Photovoltaic Power Generation and Smart Energy Conference and Exhibition (Shanghai)



## Spotlight 2

### Empowers the Development of Young Employees Through Multi-Pronged Approach

The hope and future of a nation lie in its youth. XMXYG regards the talent training as a future-oriented project. By offering diversified and multidimensional training systems as well as open and inclusive career platforms, we empower the growth and success of the youth, and motivate them to take on responsibility in advancing the high-quality development and the Chinese modernization, making the most of their youth on the new journey in the new era.



#### We are not “workers”, but “family members”

“On the first day joining the Corporation, what surprised me most was this.”

Yu Qi, a new campus hire of XMXYG Commercial Development in 2023, pointed to the employees’ calligraphy and painting exhibition zone on the first floor of the XMXYG Mansion and said, “My first impression was that it must be a company with a strong human touch considering its willingness to display employees’ artworks in the lobby of the headquarter for a long time.”

Indeed, the word “attentive” is frequently mentioned in the responses of XMXYGers when asked about the greatest characteristic of XMXYG’s employee management.

XMXYG is ATTENTIVE to the evolving demands of employees at each stage of their career development, and empowers them in a timely manner. “Will new colleagues and leaders be difficult to get along with?” “School didn’t teach this stuff!” These are the common worries and perplexities many workplace newbies may have. To help graduates successfully transition from campus to the workplace, we have set up the Training Camp for New Hires for 14 consecutive years by 2023. We offer on-site visits to industry sites, themed courses delivered by senior executives, team quality development programs, learning resources such as the “30-Day Learning Roadmap” available on XMXYG’s online learning platform, and a variety of XMXYG carnival activities. Through these resources and activities, we help them rapidly get familiarized with XMXYG, assimilate to the corporate culture, and break the ice to find their “workplace partners”.

Such engaging and rewarding training is just the start of XMXYG’s multidimensional talent training system. XMXYG Business School has tailored training courses along the growth path of employees such as the Training Courses for Young Employees, the Management Training Program (MTP) for New Middle Managers, and the Youth cadre workshop according to their different needs at each career development stage (onboarding, on-the-job, and transition stages). These training courses help elevate employees’ expertise and management prowess, and give them a global perspective.

Moreover, XMXYG has innovatively launched the “Young Seedling Program” for young employees. XMXYG has set up a crew of “young grid managers” composed of officials of the Youth League at all levels, with each young employee assigned a dedicated on-boarder. These on-boarders are responsible for instructing and monitoring the growth of the youth, and recommending outstanding ones from aspects such as cultural assimilation, engagement, development of special skills, and creativity. The on-boarders also develop employee growth profiles, which are included in the XMXYG’s talent assessment system.

XMXYG also listens ATTENTIVELY to employees. The young workers are encouraged to speak up boldly and offer suggestions and opinions. “Is the Gen Z changing the workplace or not?” “Is the process or the result more capable of reflecting the value of struggle?”... At XMXYG’s Host Competition and Party Building Theory Lectures and cultural discussion activities, young workers expressed their opinions freely, and their remarks were pungent and profound. Through listening and interaction regardless of rank and age, the old and new XMXYGers built consensus.







XMXYG's Host Competition and Party Building Theory Lectures

"Management is about winning hearts and minds. Human beings are driven by emotions, yet the emotional connection lies in daily communication. Especially for the new young generation, they value being respected and noticed, so it is important to listen patiently and communicate equally," repeated Zhang Shuli, the secretary of the Party committee and chairman of XMXYG, on many occasions. Following the principle of openness and inclusiveness, XMXYG has opened up multiple unobstructed channels for democratic communication within the organization. XMXYG encourages employees to speak the truth and share their innermost thoughts, and allows for the collision of differing opinions and debates. Employees can offer suggestions and opinions on the Corporation's matters, big or small, through channels such as the "Employee Feedback" column on the intranet, the Chairman's mailbox, the President's mailbox, and the "Grassroots Survey". Starting from 2023, XMXYG has added more diverse communication channels for young employees, including regular Youth League delegate seminars, youth salons, and focused symposiums hosted by senior executives who serve as mentors of the Youth Cadre Class.

Furthermore, XMXYG is ATTENTIVE to the well-being of employees. We strive to boost employee well-being by

focusing on their leisure life. We offer an employee canteen that can accommodate thousands of individuals for meals and meet the demands for nutrition and taste with an array of food options. Xiamen fresh graduates can apply for rooms of YUGUO Apartments without paying rents for 24 months after being recruited, which alleviates the rental pressure on young workers. Moreover, our 2,300-square-meter employee entertainment center includes multiple functional areas such as the psychological consultation room, recuperation room, steam room, aerobics area, yoga room, exercise room, VR room, and fitness room, substantially enriching leisure hours and relieving work pressure.

### I'm playing a pivotal role in the "Xiao Wu Zai" program

"I didn't expect that as a technician in the workshop, I would have the opportunity to play a pivotal role within our company," said Liu Zhaohan, a young employee of the Suihua XMXYG Biochemical, with many feelings when talking about his experience in the "Xiao Wu Zai" program.

"Xiao Wu Zai" is a "Party building + Youth League building + culture branding" program initiated by the Suihua XMXYG Biochemical in 2023. The program aims to offer a platform and opportunities for young employees to display their talents, and encourage them to take on challenges that constrain the company's development. By addressing practical challenges, they hone their abilities. Meanwhile, the company radically carries forward the fine tradition of XMXYG's "giving others a leg up", with "commissars" and a powerful panel of senior experts providing timely help for the young.

In December 2023, seven young employees of the Suihua XMXYG Biochemical initiated the first batch of "Xiao Wu Zai" challenges, and Liu Zhaohan was exactly one of them. As a fermentation technician in the threonine fermentation workshop, he was so meticulous to notice in his daily work that the steam condensate generated by air disinfection and sterilization during the sewage discharge process of the secondary seed tanks was directly discharged into the floor drain without being recycled and utilized, which not only wasted the precious condensed water resources but also harbored the potential safety hazard of steam leakage. So he intended to take it on as a challenge. "At that time, I was actually quite skeptical and nervous. Could such a minor problem be a challenge?" Unexpectedly, everyone in the threonine workshop gave a favorable response when this challenge was proposed. "Even a small project can make a big difference. As long as we get every detail just right, this small project can also stand out and deliver results," said Wang Baiqiu, the workshop manager and the "commissar" of this "Xiao Wu Zai" project. His encouragement and support boosted Liu's confidence.

During the transformation process, Liu encountered a series of technical challenges. To reorganize the layout of steam pipelines, sewage systems, and feeding systems, there were stringent demands for the precision of pipeline materials and pressure ratings. Moreover, the downtime of seed tanks, the core facility for continuous production, was extremely costly and limited. So Liu had to complete all transformation tasks within a short downtime window, which stressed him out. "I have revised the plan several times, but still wasn't satisfied. The delay in any phase could lead to the disruption of production plans and increased costs. I was so agitated that I even got blisters on my lips."

Right on cue, Zhong Shuai, the head of the maintenance department and the "collaborative expert" for this project, reviewed the details that the young might have ignored

and provided a new clue: "Is it possible to make use of the old and discarded pipelines in the workshop?" Hearing this, Liu suddenly felt enlightened. Meanwhile, Liu Ligang, another "collaborative expert" and the fermentation supervisor, also offered support: "Don't worry. I will reschedule the inoculation plan for seed tanks to leave you enough time for pipeline reengineering during the construction period. This can help maintain the progress of the project transformation and simultaneously avoid delaying production." With the joint efforts of all sections, Liu's team finally addressed the pipeline issue by repairing and reusing old pipelines, which not only tremendously shortened the project transformation duration but also achieved the reuse of idle pipelines.

After the transformation was completed, the optimized pipeline system successfully recovered and utilized the exhaust steam heat and condensed water. Specifically, the exhaust steam heat from the disinfection of equipment was partly used to heat the feed water tanks, and the recovered steam condensate was directly used for feeding in the workshop, achieving effective recycling of



"Xiao Wu Zai" transformation project in progress





Liu Zhaohan shares his successful experience in the project

resources and dramatic environmental benefits. In 2024, Liu Zhaohan took the lead in assembling a threeline team and took up a new “Xiao Wu Zai” challenge.

“To enhance the overall competencies of reserve talents exponentially through stable production and operations, we must provide platforms and opportunities for young employees and reserve leaders,” said Wang Binde, the Party Branch Secretary and General Manager of Suihua XMXYG Biochemical, when speaking of the meaning of the “Xiao Wu Zai” program.

XMXYG’s employment principles are competence-oriented and performance-based, selecting leaders based on their practical performance and taking comprehensive consideration of their educational background, experience, status, and identity. Upholding the employment principles, XMXYG has proactively developed an expansive platform for young employees to succeed in their roles or start their businesses. They are given full trust and encouraged to play the leading role in advancing the high-quality development of the Corporation. Meanwhile, managers at all levels are mobilized to proactively play the role of instructors, offering corresponding resource support for young employees and helping them off on the right foot and on track to growth and struggle.

In addition to unleashing wisdom and dedication in their positions, the youth of XMXYG also bears in mind the mission of “Benefiting the World, and Achieving Success Together” and takes on their social responsibilities in the new era with tangible practices. Since the inception of

the “XMXYG Red Sail Volunteer Service Team”, young employees of XMXYG have established 10 volunteer service teams dedicated to the building of a civilized and caring Xiamen, including the teams of youth, environmental protection, online civility, and elderly care. More than 3,000 young volunteers have been organized to carry out over 400 volunteer service activities. XMXYG’s young volunteers have maintained a vibrant presence in public welfare activities such as community governance, support for the disabled and the elderly, and caring for children.

### Indonesian employees successfully graduate from the camp

In 2017, following the “Belt and Road” initiative (BRI), XMXYG invested in the construction and operation of an integrated stainless-steel smelting project in Indonesia with an annual output of 2.5 million tons. Over 90% of the employees on the project were recruited from local Indonesia. How to facilitate communication between employees from the two countries? How to help Indonesian employees better master professional skills? XMXYG has blazed a new trail for the localized training of young employees through cultural fusion and co-construction.

“In the camp, we got the chance to learn Chinese, hone our skills, engage in cultural exchanges, and really dive deep into China, especially Chinese culture,” said Sedy Irawan, an Indonesian youth, in fluent Chinese during an interview with a state media of China. He joined XMXYG PT. OSS in 2022 as an assistant to the deputy general manager. He was also one of the first batch of 29 young employees from XMXYG PT. OSS who traveled to Xiamen for a camp in 2023. During the “XMXYG Yin-Xiang Camp of OSS”, he served as the class monitor.

The “XMXYG Yin-Xiang Camp of OSS”, co-hosted by XMXYG and Huaqiao University, is designed to break the language and cultural barriers and boost integration among Chinese and Indonesian employees, thereby better contributing to the BRI development. The camp, running in a hybrid “online + offline” format, not only systematically helps trainees learn more related theories about the ferronickel smelting industry and improve their Chinese proficiency, but also gets them closer to the charm of Chinese culture and the Southern Fujian culture through a load of activities. Since its launch in August 2022, the camp

has trained more than 280 Indonesian employees through online and offline teaching. It has also adopted the “learning by teaching” approach, inspiring old trainees to teach new ones to ignite their passion for learning.

The multi-month concentrated learning experience in the camp has considerably bolstered Sedy Irawan’s Chinese proficiency and work productivity. “For a secretary role, proficiency in writing and communication skills is key. Now my efficiency in translation, writing, and communication has doubled,” said Irawan. “Now Irawan can even point out our typos when helping us translate Chinese manuscripts!” said jokingly by Chen Hong, the head of Administration and Communications at the XMXYG PT. OSS.

Apart from learning Chinese, the Indonesian trainees also acquired technical and managerial experience through customized courses on industry and corporate management, and expanded their thinking and horizons in cross-cultural exchanges. “The improvement of comprehensive abilities has allowed me to have more options for career development and made me more clear about the path that suits me,” said Aldo Sangkilang, a second-phase trainee of the camp. Originally a finance person, he asked for a transfer from the Finance Department to the Organization and Talent Development Department when returning to Indonesia, for he was touched by China’s open and inclusive philosophy that “a partnership forged with

the right approach defies geographical distance” and influenced by the cross-cultural interaction and integration during the three-month study trip. He said, “my friends jokingly say that I am now an ambassador for Chinese culture. I want to, in my strength, inspire and unite more young individuals to promote exchanges between the two cultures, and encourage greater harmony and closer relationships between the young from China and Indonesia.”

“The BRI is not just a slogan, but a bridge that truly connects different countries,” exclaimed Irawan. The new round of the XMXYG Yin-Xiang Camp of OSS is about to kick off in the second half of 2024. For the new camp, XMXYG will continue to practice the principle of “extensive consultation, joint contribution and shared benefits” and cultivate overseas talents with “expertise in Chinese mandarin, culture, and technologies”, channeling a continuous stream of successors for building a community with a shared future for mankind and the “path to wellbeing” (the BRI) that benefits countries across the globe.

“Youth is the most active and vital force in society.” In the future, XMXYG will continue to care for, pay attention to, and listen to the youth, and help them succeed. XMXYG will harness the everlasting power of the young to resolutely set the sails toward the lofty goal of becoming a century-old powerhouse.



XMXYG Yin-Xiang Camp of OSS



# Consolidating Governance Foundation

In 2023, the new round of initiative to deepen and upgrade state-owned enterprise (SOE) reform was launched. In response to its new requirements, we adhere to Party leadership and continuously optimize corporate governance mechanisms and risk control systems. We strive to lead governance reform through digital transformation, uphold business ethics, and maintain integrity. These efforts have laid a solid foundation for sustainable corporate development.

Contribution to SDGs





# Advocating Corporate Culture

XMYG has evolved from a specialized developer and builder of bonded zones to a comprehensive Fortune Global 500 corporation. It is the excellent corporate culture accumulated over nearly 30 years of development that serves as the spiritual compass guiding XMYG's growth, while complementing our institutional management. In 2023, we recompiled the collection *A Glimpse of XMYG Spirits*, and carried out activities on various cultural mediums, so as to build consensus on development among all employees and draw their strength for progress.

## Case Tracing origins of XMYG

In 2023, we initiated the compilation of a book of XMYG's history to celebrate the Corporation's 30th anniversary. Meanwhile, we organized the campaign Tracing Origins of XMYG, inviting frontline employees to learn XMYG's past stories shared by leaders. By tracing the roots of XMYG culture, we learnt excellent management traditions and valuable experiences from the stories of predecessors. Through this initiative, we aimed to deepen cultural identity among all employees, strengthen cultural confidence, and unit the team with a spirit capable of overcoming challenges.

## Case XMYG Host Competition

In 2023, we set up seven major competition zones for the XMYG Host Competition and the Light Cavalry of Party Building Theory Presentation Event, marking our inaugural expansion to international participants. Combining the guiding principles of the 20th CPC National Congress, thematic education campaign, and traditional Chinese culture, we mobilized young people to reflect on history, learn theory, communicate with advanced personnel at the frontlines, and creatively showcase their talents. The event resonated with the call to "set great aspirations, clarify great virtues, become great talents and shoulder great tasks". Outstanding representatives also graced the stage at the special event "Pursuing Footsteps, Understanding Thoughts, and Advancing SOEs on a New Journey" organized by the Xiamen State-owned Assets Supervision and Administration Commission to eloquently narrate XMYG's history of leveraging the momentum of reform and opening up, sailing forward bravely, and standing at the forefront of progress.



XMYG Host Competition

## Case Organizing the "Fourth Class" for all employees

Beginning in the fourth quarter of 2023, we introduced the "Cultural Class" within the Corporation and its departments. Held quarterly, these sessions delve into major decisions and plans of the CPC Central Committee and provincial and municipal governments, important meeting spirits at XMYG, and XMYG cultural ethos. The aim is to foster a workplace that encourages bold thinking, open dialogue, and employee contributions to the Corporation's development. Discussions centered around themes such as "Whether the Post-00s Generation Have Changed the Workplace" and "Clear Division of Labor vs. Collaborative Effort for Work Progress" have sparked deep reflection and exchange. These dialogues have further solidified the ideological foundation and cultural consensus among all XMYG employees.

## Case Establishing a "cultural recharge station" for XMYG employees

XMYG micro-community serves as a "cultural recharge station" for all employees. In 2023, we innovatively launched a variety of themed columns such as "XMYG Culture: Rooted in Rich Traditional Chinese Culture", "Ten Years of Growth: Lessons from XMYG A. G. R. I." and "Understanding XMYG's Cooperative Culture". We also created features like "Learn from the Advanced", "XMYG Youth", "Frontline Models" and "Role Models Review", which vividly portray the characteristics of grassroots strivers. These initiatives foster a strong atmosphere of striving for excellence, unity, and forward momentum.

In 2023

**3,800+** posts in XMYG micro-community

**1.18 million+** views, with an year-on-year increase of 75.5%

**208** issues of the internal publication Morning Sail published

**916** receptions for the cultural space of the Corporation, with **9,566** visitors

XMYG's culture has provided the soil and nutrients for the cultural development of its subsidiaries. In 2023, the sub-culture of XMYG S.O.E. and XMYG Technology was officially launched, and multiple subsidiaries actively participated in the competition for the "National Outstanding Corporate Culture Achievement" award. XMYG Co., Ltd. won the first prize, XMYG I. D. G. and XMYG J. H. G. won second prizes.

New sub-culture handbooks of subsidiaries in 2023



The Way of Loyalty and Courage released by XMYG S. O. E.



The Way of Digital Intelligence released by XMYG Technology



# Standardizing Corporate Governance

We keep standardizing the corporate governance structure, as well as the rules of procedure for relevant meetings, decision-making processes, and other institutional workflows. We actively engage in communication and exchanges with investors through innovative ways, effectively protecting their rights and interests.

## Improving governance system

### Board of directors construction

In 2023, XMYG's Board of Directors currently comprises seven members, including one Chairman, two Vice Chairmen, one employee director, and one external director. All directors possess relevant industry expertise in finance, law, or technology. Subsidiaries have established their own boards as required, with a majority of external directors. In 2023, XMYG's Board of Directors newly established the Compensation and Assessment Committee to support major decision-making. Furthermore, the Board initiated field visits for external directors to gain firsthand insights into the Corporation's operations and provide strategic guidance.

### Standardized operation of the board of directors

In 2023, we optimized the *List of Rights and Responsibilities of Governance Entities* based on the previous year's operations, which clearly delineates the authorities and responsibilities for XMYG's Party Committee, Board of Directors, and Executive Team Meeting, forming a transparent, coordinated, and effectively balanced corporate governance mechanism. In addition, in accordance with the *Company Law of the People's Republic of China* and the *Interim Measures for the Management of Municipal-Level SOE Boards of Directors in Xiamen*, we released the *Rules of Procedure for the Board of Directors*, *Detailed Rules on Confidentiality Work for the Board of Directors*, and the *Guidelines for Secretary Institution of the Board of Directors*. With these measures, we further standardize the Board's operational mechanisms, ensuring efficient operation, scientific decision-making, and the lawful, independent, and standardized exercise of its powers.

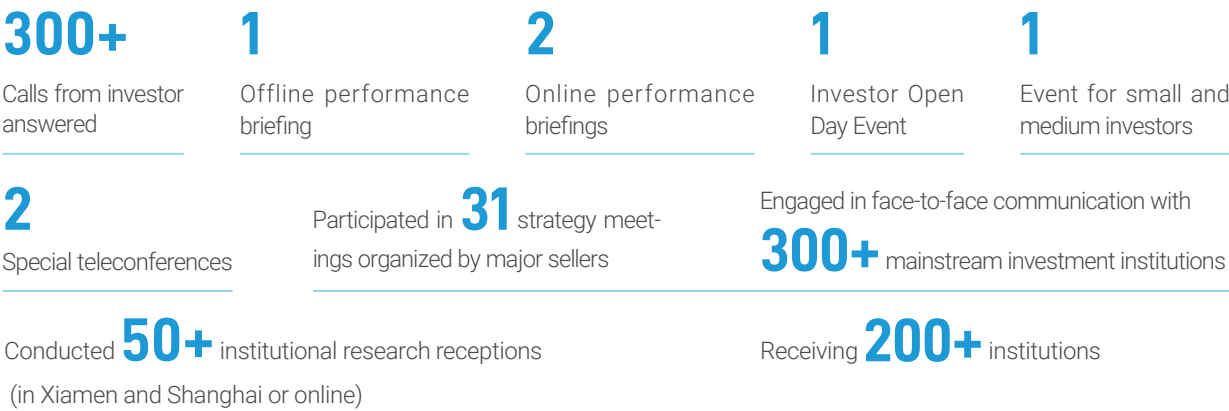
### Senior executive management

In 2023, we released the Corporation's *Measures on Senior Executive Management* and revised the *Compensation Management System* and *Management Policy on Employee International Travel* to enhance the scientific and systematic management of senior executives. We adopt a term-based market appointment mechanism for senior executives. The Executive Assessment and Evaluation Committee under the XMYG Party Committee oversees the appointment, performance assessment and evaluation of senior executives, issuing opinions accordingly. We established an annual salary structure with base pay and performance-based incentives, including tenure recognition. In 2023, the XMYG Board of Directors established the Compensation and Assessment Committee. As a specialized committee of the Board, it improves executive salary management. We also advanced the revision of the *Measures for the Performance Appraisal and Remuneration Management of Corporate Leaders*, further effectively motivating and constraining senior executives through assessment-based compensation allocation mechanisms.

## Protecting the rights and interest of investors

As a listed company under XMYG Corporation, XMYG Co., Ltd. has established the *Investor Relationship Management Policy* to further enrich communication channels with investors. It engages communication with investors in such forms as the company's official website, new media platforms, SSE e-Interactive, telephone, fax, email, and the investor education base. It leverages platforms like the investor.org.cn and infrastructure provided by stock exchanges and securities registration and settlement institutions, as well as shareholders' meetings, investor briefings, roadshows, analyst meetings, in-person visits, and discussions. Meanwhile, XMYG Co., Ltd. strives to improve the quality of information disclosure. It began to publish English versions of periodic reports since the second half of 2022 and launched the first English version of the Record of Investor Relations Activities in 2023, aiming to build good relationships with investors through multiple channels and dimensions and enhancing their understanding and recognition of XMYG.

In 2023, XMYG Co., Ltd.



### Honors

XMYG Co., Ltd.	Quanjing: 2022 Quanjing Annual Golden Award for Investor Relations Securities Times: 14th Tianma Awards for Investor Relations The 7th China IR Annual Awards: the "Best Capital Market Communication Award"
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#### Case A capital market research team visits XMYG A. G. R. I.

In March 2023, XMYG Co., Ltd. organized an on-site research trip to Northeast China for about 30 analysts from 18 investment institutions, including CICC, Industrial Securities, Harvest Fund, and Rosefinch Investment, to investigate the business model and operations of XMYG A. G. R. I. The company representatives addressed the concerns of the investment institutions through thematic presentations and invited analysts to interact with third-party customers and cooperating farmers, providing fresh perspectives and deeper insights into XMYG A. G. R. I.



Representatives from 18 investment institutions visit the grain collection site at Suihua Factory of XMYG A. G. R. I.

#### Case SSE "I am a Shareholder" event at XMYG Co., Ltd.

On August 22, 2023, SSE, in collaboration with Huafu Securities Co., Ltd., organized the "I am a Shareholder" event at XMYG Co., Ltd. Investors gained a deeper understanding of the Corporation's cultural heritage through a tour at XMYG's cultural space. At the following discussion, Liao Jie, Board Secretary of XMYG Co., Ltd., introduced the company's main businesses, business model, and future strategic plans, and actively answered investors' questions.



Investors visit XMYG's cultural space



## Deepening Reforms

In 2023, we developed the 2023-2025 "Double Hundred Actions" plan to deepen reform. With the emphasis on optimizing industrial layout and structural adjustment, we keep deepening the mixed-ownership reform, strengthening the capital operation capabilities, and benchmarking against world-class standards, thus enhancing our value creation abilities.



Optimizing Business Landscape

To deepen strategic cooperation in the industrial chain, we allocate more resources to the advantageous industries, enhance the quality and efficiency, and strengthen our core businesses through mergers and acquisitions. In 2023, we further strengthen the port and shipping business segment, which was newly added in 2022. Committed to serving national strategies and regional economic development, we aim to build Xiamen International Cruise Home Port into a nationally leading port, contributing to the high-quality development of Xiamen's cultural and tourism industry.



Deepening Mixed-Ownership Reform

Following the principles of "improving governance, strengthening incentives, highlighting main businesses, and improving efficiency", we guide enterprises at various levels and of different types to actively explore and deepen mixed-ownership and equity diversification reforms.

### Key Progress in 2023

XMXYG J. H. G. and SY Holdings Group Limited, a Hong Kong-listed supply chain technology platform, co-founded Xiamen Xiangsheng Commercial Factoring Co., Ltd. This partnership deepens the integration of industry and finance and expands our business development landscape.

XMXYG Biochemical officially launched its IPO incubation work while attracting strategic investment through China Agricultural Reclamation Industry Development Fund. Through resource synergy, the profitability is further enhanced, laying a solid foundation for future listing and capital operations.

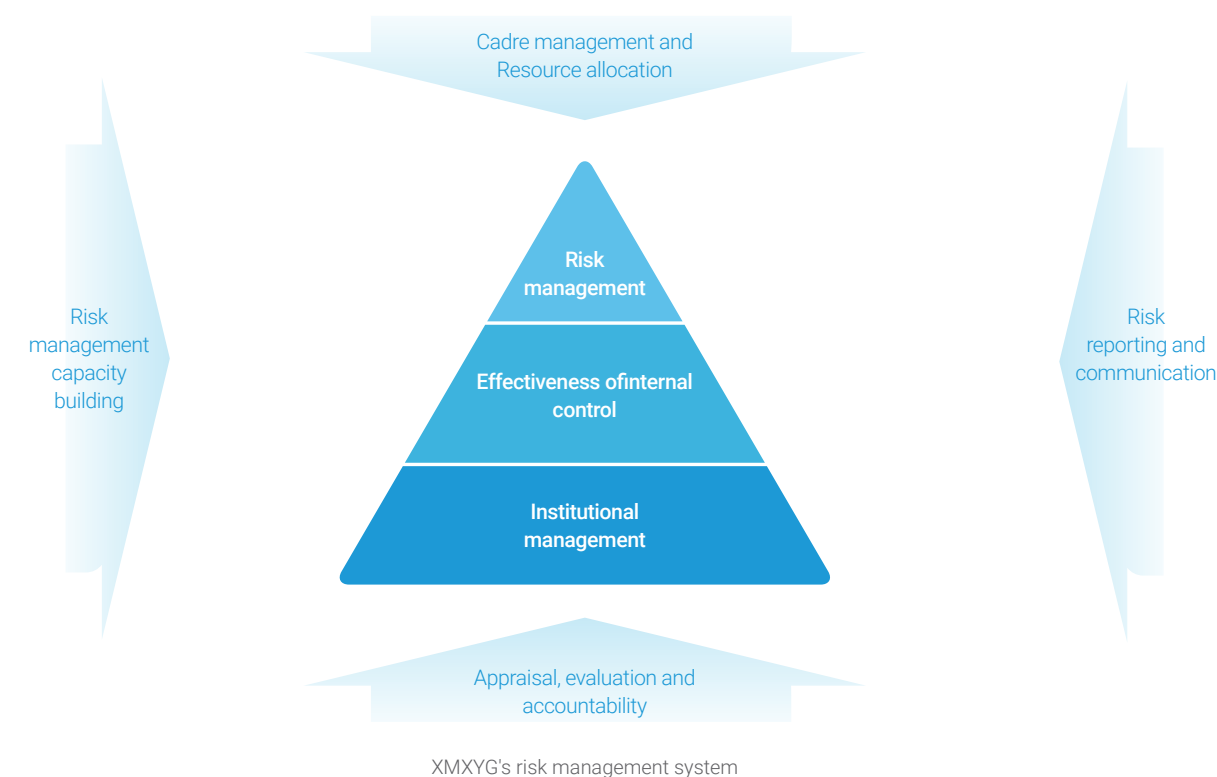
Building on the existing employee stock ownership plan and equity incentive plan, we have further improved our medium- and long-term incentive mechanisms. In 2023, both XMXYG J. H. G. and XMXYG Real Estate completed and implemented project co-investment plans and overall schemes for excess profit sharing.

### In 2023

The Corporation introduced ¥ **243** million of non-state-owned capital through the mixed-ownership reform

## Enhancing Risk Management

We always uphold the development philosophy of "risk first". Focusing on the objective of "safeguarding the bottom line, keeping promises, managing risks, and improving ourselves", we continuously consolidate our comprehensive risk management system, foster a law-based culture and compliance awareness, and fully standardize corporate operation management to safeguard the steady development of the Corporation.



## Improving the risk control system

In 2023, we prioritized the development of a joint risk prevention and control system. Based on their characteristics, each business unit within the Corporation initially established the risk prevention and control system, led by the risk management center and coordinated by various departments. This has further improved the efficiency of risk perception and judgment, enabling more timely identification and response to potential risks.

XMXYG Co., Ltd.

Has established a mechanism for joint risk meetings among departments such as the Risk Management Center, Operation Development Center, Logistics Management Center, and Finance Center, as well as a grand commissioner joint meeting mechanism between functional departments of industry companies and business teams of subsidiaries.

XMXYG Real Estate

Has established a risk liaison officer mechanism with the focus on internal control compliance and integrity risk, and enhanced external supervision channels at the same time.

XMXYG J. H. G.

Has further strengthened the joint risk prevention and control system among functional departments and business teams for pre-loan, during-loan, and post-loan risks. It has built a joint risk prevention and control mechanism with XMXYG Co., Ltd. for industry and finance integration.



## Innovating in risk control measures

In 2023

**7,964** policy health checks conducted in the Corporation and its subsidiaries, supported by the digital policy system, with

**453** management improvements

**3,367**

Policies newly added or revised

**128%**

YoY increase

**97%**

Actual operation teams received internal control assessment

**3%**

Increase compared to the last year, regarding the proportion of effective internal control

**25**

Risk reviews completed in subsidiaries of the Corporation

**28**

"One report for each risk" reports formed due to industry companies' focus on key risks

**143**

Audit projects carried out

### Digitization of enterprise governance

In 2023, we fully launched the digital policy system. Leveraging digital technology, we optimized the closed-loop management of the entire lifecycle of policies. We also used data accumulation and analysis to improve policy management. This year, we conducted in-depth analysis on the management of key regulatory policies through system data, identified defects, and urged improvements to ensure the effectiveness of policy control in critical areas.

### Refinement of internal control assessment

In 2023, we implemented a more scientific and refined internal control management. Considering dimensions such as company size, management and services, and risk control volume, we categorized subsidiaries and tailored capability requirements, duty lists and assessment plans for core personnel of risk control teams across different companies. Major abnormalities such as significant risk incidents, fraud, mass violations were pegged to assessments.

### Closed-loop risk management

We vigorously promoted risk assessment reviews. Through strengthening the responsibility awareness of frontline business teams to realize timely identification of the weaknesses in risk recognition, development of control systems, and operation of regulatory processes, we promptly addressed management loopholes and reinforced our risk control firewall.

### Compliance guidance implementation

We issued a series of guiding documents, such as the Legal Guide for Real Estate Leasing Business, addressing the difficulties, pain points, and compliance risks encountered in current business operations. These documents have promoted continuous improvement in compliance management among subsidiaries.



## Strengthening risk control awareness

In 2023, relying on the Corporation's knowledge platform, we created a risk management & compliance knowledge column. It includes 50 articles detailing typical risk cases and 10 legal knowledge articles, along with corresponding interactive exercises to optimize learning. To meet the learning needs of different groups, we designed training contents integrating risk culture, risk control system knowledge, and practical case training for new hires, MTP, and mid-to-senior management. We also encouraged subsidiaries to publicize risk control culture aligned with their specific business contexts. A series of training sessions, such as "Compliance and Risk Prevention in

Housing Leasing Business" and "Labor Compliance and Risk Prevention", were conducted to bolster employee understanding of and commitment to risk control and compliance.

Moreover, we actively conduct risk control experience exchanges. In 2023, Zhang Shuili, Chairman of XMXYG, was invited to share insights on enterprise risk management at the Fujian Provincial Branch of the Agricultural Development Bank of China (ADBC) and the 2023 Spring Young and Middle-Aged Cadre Training Class at the Party School of the CPC Xiamen Municipal Committee.

### Case

#### Conducting contract management training to strengthen risk control

To solidify the compliance foundation and improve contract management skills and dispute handling capabilities among all employees, the Corporation conducted the Second Session of Law and Compliance Fundamentals Training on the August 23, 2023. This session focused on compliance, contract management, and dispute response strategies. During the training, the instructor addressed prominent issues and weak points in daily contract management, and demystified complex dispute resolution processes. The instructor also highlighted common misconceptions in practice, helped participants develop basic approaches to handling disputes, and strengthened the ability of trainees to resolve conflicts, advancing risk prevention efforts.



## Boosting Digital Transformation

We are committed to enhancing our digital governance. We leverage digital governance to empower the transformation and upgrading of the Corporation's production and operation, and build information security barriers, thus providing strong support for the Corporation's high-quality development.

### Strengthening digital governance

#### Enhancing top-level design and refining institutional norm

In 2023, we revised and released seven policies and guidelines, including the *Measures on Server Room Management*, *Management Measures on Computer Procurement and Usage*, and *Guidelines on IT Supplier Management*. By establishing comprehensive management procedures for digital operations in planning, execution, review, and feedback, we have realized fully traceable, evaluable, and improvable digital management.

#### Improving structures and bridging information gap

Through unified planning and management of XMXYG's technical, application, and data structures, we further enhance our digital structure management system, realizing coordinated management.

#### Solidifying data foundation and exploring the value of data

Continuous efforts are made in master data management and data enablement projects to systematically advance data accountability and data management system development. By constantly enriching and exploring data sharing and collaboration scenarios, we release the value of data governance and advance the Corporation's high-quality development.

#### Case

##### Data empowers business development

We have partnered with Huawei, an industry-leading supplier, to jointly pave the way for data governance. By constructing a comprehensive data governance system and promoting data standardization, we lay a solid foundation for fully leveraging data value in the future and enabling enhanced enterprise decision-making and management capabilities through data empowerment.



### Enhancing quality and efficiency with digital intelligence

In 2023, we launched three core systems: comprehensive budgeting, consolidated financial statements, and a human resources digital platform. Additionally, a series of digital projects in areas such as Party building, insurance management, and knowledge application were implemented, further enabling a more efficient and intelligent enterprise management model.

#### Consolidated financial statements

By fully standardizing accounting data and streamlining data flows, we have improved the timeliness of consolidated data reporting and increased the automation rate of account statements.

#### Robotic process automation (RPA)

In 2023, we added 68 new automation scenarios, bringing the total number of RPA applications to 193 scenarios. Across the platform, RPA operations have been executed over 4.67 million times, saving an equivalent of 239 person-years.

#### Insurance management system

We have launched the insurance management system to enhance the control of the Corporation's insurance policies and claims, and avoid losses brought about by missing items or untimely claim processing. By interfacing with insurance company systems, it enables online management of insurance data and execution.

#### Knowledge platform

We have developed a people-centered and scenario-based knowledge platform, which includes six major knowledge scenarios such as risk control and compliance, administrative knowledge, safety and environmental protection, and HRBP toolkit. The platform effectively integrates and shares business knowledge. Since its launch in July 2023 to December, the platform has accumulated 580 knowledge documents.

#### Human resources digital platform

This platform integrates core HR functions, payroll management, attendance management, self-service, foreign affairs management, and shared operations. It enables easy online access and management of various HR-related matters, from recruitment, onboarding, to daily management, effectively supporting the transformation of the HRM three pillars.

## Encouraging technological innovation

In 2023, we hosted the preliminary round of the Micro-Application Innovation Skills Competition. We inaugurated the "Digital Innovation Leadership Award" in our annual honors selection. This award recognizes digital projects that excel in business enablement, application, or technological innovation. The "XMXYG Innovation and Research Integration Platform (PaaS Platform)", Customer Self-Service Portal of XMXYG Co., Ltd. Cloud Supply Chain System, and "XMXYG Biochemical Digital Supply Chain Management Platform" were honored. Through this award, we aim to inspire employees to become leaders in the digital wave, and actively promote the transformation and implementation of achievements, igniting the "strong engine" of high-quality development through digital empowerment.

In addition, we have amplified investment in innovation research to encourage technological advancement. In September 2023, XMXYG's self-developed new data portal, Ark Platform 1.0, was officially launched. This platform integrates diverse business systems, applications, and large-screen information across various domains, accommodating multiple usage scenarios. It significantly facilitates the data viewing, management, and control, and empowers various industries through data interconnection and sharing to achieve data insights and value extraction.





## Ensuring data security

We highly value data security and privacy protection. Regarding the whole lifecycle of data generation, transmission, storage, usage, exchange, and destruction, we implement targeted protective measures. We are now capable of protecting data in database management and operations, business database traffic auditing, and data exchange masking, ensuring data security by transmission encryption, identity authentication, network isolation, access control, fault response management, and server operation monitoring, etc.



- Conduct annual information security assessments to create the checklist for information security risks identification and remediation.
- Complete the development of disaster recovery management and monitoring platforms, enabling automated one-click switching for disaster recovery systems and providing visualization and anomaly alerts for disaster recovery systems.
- Regularly carry out network security training and drills, with "XMXYG Talks Safety" information security video series launched, and phishing email simulation exercises conducted.

## Upholding Integrity and Honest Conduct

In our business development, we firmly uphold the bottom line of integrity, and participate in market competition in accordance with the law and regulations. We are committed to building a fair, honest, and transparent business ecosystem with our partners, promoting sustainable development in the industry.

## Safeguarding integrity

### A comprehensive supervision network

We have further integrated anti-corruption supervision into internal control execution and risk management, consolidating the greater supervisory pattern of "self-prevention and self-control, special prevention and special control, joint prevention and joint control" (three preventions and three controls) to safeguard high-quality development of the Corporation.

In 2023, we innovatively implemented a dual-track system combining internal and dispatched disciplinary inspection, and issued the *Implementation Plan for Disciplinary Inspection Organization and Personnel Management* to enhance disciplinary supervision effectiveness.

In 2023, based on the dynamic management mechanism of the PDCA (Plan-Do-Check-Act) cycle for integrity risk, we comprehensively identified the Corporation's integrity risks and developed preventive measures, compiling the *Integrity Risk Control Manual*.



### Self-prevention and self-control

Under the unified leadership and comprehensive supervision of the Corporation's Party Committee and the overall coordination and oversight of the Discipline Inspection Commission, Party organizations and the discipline inspection organs at all levels have established the working mechanism and institutional system for preventing and controlling the integrity risks of subsidiaries.



### Special prevention and special control

The Discipline Inspection Commission plays the dedicated supervisory role within the Party to oversee the "key few" and the "key areas" and "key links" such as the supply chain and enterprises at other places, strengthen the supervision, discipline enforcement and accountability for the prevention and control of integrity risks.



### Joint prevention and joint control

Coordinating with the Party Committee Office, HR Center, Finance Center, Risk Management Center and other functional departments, each department highlights the primary role in supervision across the business operation by leveraging their respective professional advantages and features.

In 2023

**32** supervisory inspections conducted

**83** conversations with cadres at key positions

**374** integrity records for cadres established and improved

**1,636** integrity risks identified

**3,660** preventive measures summarized

In July 2023, the meeting on stepping up efforts to improve Party conduct and build integrity for Xiamen SOEs was held in Xiamen. At this meeting, XMXYG, as a representative of municipal SOE, shared its experience in constructing the "three preventions and three controls" greater supervisory pattern to safeguard high-quality development of the Corporation.

## Prevention-oriented integrity education

### Diverse platforms

In 2023, we added a "clean conduct reading corner" to the Staff Library. This move has further enriched the "Voice of Clean Conducts" program on XMXYG Radio Station, and expanded the integrity education matrix of "one WeChat account, one official website, one radio station", enhancing the influence of integrity culture.



"Clean conduct reading corner" of the Staff Library



## Innovative classes

In collaboration with the Corporation's business school, we embed integrity education into mandatory courses for executives, middle managers, and new employees, further enriching the content and format of the classes. In 2023, we invited an expert from the Xiamen Municipal Bureau of Construction to conduct training on tendering and procurement compliance. We organized executives to participate in warning education activities at Xiamen prison, guiding cadres to maintain integrity in their careers.

## Varied activities

We have organized an integrity knowledge test, attracting over 500 participants. We collected 51 family value stories themed by "The Most Enduring Family Value is Clean Conduct". Meanwhile, our subsidiaries have actively conducted integrity education activities tailored to their business operations, creating numerous sub-brands for integrity education such as "Clean Conduct Rhythm", "Risk and Integrity Story", "Discipline and Law Class", and "Integrity and Discipline Conversations".

In 2023

83

Integrity training sessions for employees conducted



## Honors

The Corporation won the **Best Organization Award in the Honest Family Value Essay Contest of Xiamen**



In September, the Xiamen Honest Family Value Exhibition toured the Staff Library at XMYG headquarters



In May, Chengdu Xiangdao Logistics held a calligraphy creation activity themed "Painting Honest, Writing Clean Conduct"

## Unblocked channels for public supervision

We encourage the supervision from all parties. Multiple channels are available for whistleblowing, including e-mail, telephone, letter, in-person reporting. We have also formulated the Regulations on Handling Public Complains and Interim Measures on Acceptance of Public Complains and Whistleblowing and Handling of Clues and Problems for Discipline Inspection and Supervision in accordance with the law, to standardize the complaint and whistleblowing process.

## Combating unfair competition

We strictly observe laws and regulations such as the *Law of the People's Republic of China Against Unfair Competition* and the *Anti-Monopoly Law of the People's Republic of China*, and oppose any form of corruption, commercial bribery, money laundering, monopoly, unfair competition and other violations. In August 2023, XMYG I. D. G. held a warning education meeting on occupational ethics risk prevention for medical practitioners. At this meeting, the company analyzed high-profile medical corruption cases and their legal implications for state-owned enterprise employees. The company heightened the medical equipment team's awareness of risk and integrity during business operations. This training also enhanced their ability to resist corruption and prevent misconduct.

## Protecting intellectual property rights

We rigorously implement the Corporation's regulations including *Measure on Brand Management*, and *Measures on Trademark Management*. We encourage subsidiaries to establish intellectual property right protection mechanisms according to their business characteristics, continuously improving the creation, application, management, and protection of intellectual property and enhancing the Corporations' core competitiveness.

By the end of 2023

279

Valid trademarks registered in China

179

Valid trademarks registered overseas

197

Patents obtained in total

11

Copyrights for works in total

97

Independent R&D software copyrights obtained in total

## Case

## Enhancing intellectual property awareness

XMYG Biochemical places great importance on intellectual property right. To standardize patent management, the company has formulated and issued the *Patent Management System* along with corresponding incentive schemes. In July 2023, XMYG Biochemical held the first invention patent authorization award ceremony and exchange activity, honoring the technical contributors of the nationally recognized invention patent, "A Storage Method for Extending the Freezing Time of Moist Corn" granted in April 2023. This initiative advocates for employees to enhance their intellectual property awareness and actively pursue innovation in their work.



XMYG Biochemical places great importance on technological innovation and intellectual property right



# Striving for a Eco-friendly Future

In his speech during the 11th Group Study Session of the Political Bureau of the 20th CPC Central Committee, General Secretary Xi Jinping pointed out that green development is the defining feature of high-quality development, and that new quality productive forces are in itself green productive forces. In this regard, efforts should be made to expedite the green transformation of growth models and contribute to carbon peaking and carbon neutrality. In response, XMGYG stays firmly committed to eco-environmental conservation and green development. We focus on achieving the dual carbon goals to accelerate green transformation, making green a defining feature of high-quality development.

## Contribution to SDGs





# Tightening Environmental Management

At XMYG, the sustainability philosophy has been integrated into our top-level design. While continuously improving the environmental management system, and conducting environmental risks identification and environmental performance assessment, we organize relevant training sessions and publicity activities to raise the environmental awareness among all employees and further improve our environmental management.

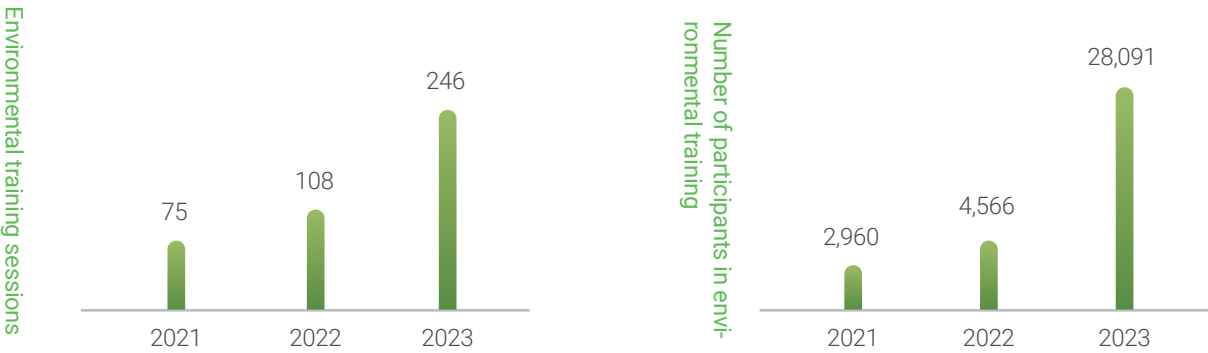
## Management system

We weave environmental management system into our Health, Safety, and Environment (HSE) management system. Through the three-tier Corporation-wide management documents, we guide our subsidiaries in establishing management systems tailored to their specific production and operation needs. The XMYG ecological conservation leadership group ensures that environmental management responsibilities are assumed at all levels. At the beginning of 2023, we formulated the *2023 XMYG Work Plan for Environmental Protection* and the *XMYG Implementation Plan for the 2023 Ecological Conservation and Accountability System of Environmental Protection Goals*, specifying detailed goals and supervision and assessment standards.

By the end of 2023, eight subsidiaries, including Zhuoyu Supply Chain, XMYG S. O. E., Beian factory, Fujin factory and Suihua XMYG Biomedical, XMYG New Energy, Suihua XMYG Cereals and Oil, and Xiamen Xiangyu Singamas, have been certified by ISO 14001 environmental management systems.

## Environmental training

We conduct environmental emergency drills on a regular basis to enhance our response capabilities to sudden environmental incidents. Through bulletin boards, WeChat articles, and environmental-themed activities, we promote environmental laws, regulations, and knowledge to improve environmental awareness among all employees.



2: The data involves XMYG Co., Ltd., XMYG Biochemical, XMYG Real Estate, XMYG I. D. G., Zhuoyu Supply Chain and XMYG S. O. E.

In 2023

¥14.07 million

Total investment in environmental protection

2,319,103 tons of CO<sub>2</sub>e

GHG emission reduction<sup>2</sup>

In 2023

4,880

Letters of safety and environmental responsibility signed by subsidiaries at all levels

3,331

Letters of commitment signed

# Fortifying Climate Response

We recognize the increasing challenges posed by climate change-related natural disasters and extreme weather events to global socio-economic development. Based on the TCFD (Task Force on Climate-related Financial Disclosures) framework, we identify and assess the risks associated with climate change during operations of our subsidiaries. We have also developed contingency plans to mitigate the impacts of extreme weather events on our businesses.

Risk Category	Risk Factor	Potential Impact	Impact Duration	Response Measures
Physical risks	Acute risk	Extreme weather events such as typhoons, heavy rains, and high temperatures can halt or delay projects, threaten employee safety, damage equipment and facilities, and cause financial losses.	Short-term	Conduct comprehensive climate risk assessments at project locations and develop corresponding management plans; track extreme weather warnings and formulate emergency response plans; regularly inspect and maintain equipment and conduct emergency drills.
	Chronic risk	Extreme high temperatures can increase water and energy consumption, raising operational costs.	Long-term	Implement green upgrades of production technologies and equipment to enhance the efficiency of water and energy use.
Transition risks	Policy and legal risks	Stricter government regulations on GHG emissions during production and operations may increase costs related to carbon emissions management and compliance.	Medium-term	Keep abreast of updates on relevant regulations, improve environmental management systems, actively promote carbon reduction efforts, and adhere to green and compliant operations.
	Market and technology risk	Increased demands of stakeholders for the green attributes of products and services may cause pressure on some business sectors of the Corporation or raise production and operational costs due to the introduction of new technologies.	Medium-term	Promote the transformation and upgrading of traditional advantageous industries of the Corporation and accelerate the deployment of strategic emerging industries; enhance the independent research and application capabilities of green and energy-saving technologies.
	Reputation risk	Growing concern of stakeholders over climate issues may result in decreased trust and reputation if the Corporation's carbon neutrality disclosures fail to address their concerns.	Medium-term	Actively respond to stakeholders' concerns, establish transparent and efficient communication mechanisms, and continuously improve the management and disclosure of climate-related issues.

Companies like Zhuoyu Supply Chain pay close attention to the impact of adverse weather on their businesses. They integrate adverse weather response management into safety and environmental protection systems, and develop on-site emergency response plan for severe weather events and on-site emergency response responsibility list for rainy seasons, improving their capacity to manage extreme climate risks.

During the typhoon season in summer, companies such as Xiamen Xiangyu Singamas, Xiamen Mintai Central Fishing Harbour, and Xiamen Ferry Co., Ltd. organize typhoon and flood emergency drills based on their production reality. XMYG PT. OSS, located in a tropical rainforest climate, conducted a flood emergency drill in December 2023. It was aimed to leverage the dry season to prepare for flooding and enhance the rescue capabilities of the emergency team, thereby minimizing potential flood damage.



# Accelerating the Green Transition

We earnestly study and implement Xi Jinping's thought on ecological civilization to accelerate the green transition of our production and operations. By integrating the development concept of "lucid waters and lush mountains are invaluable assets" into each business sector, we drive the sustainable industrial development through innovative technologies and models.

## Green supply chain

### Green routes

In response to the national call of "shifting from road to rail transport, concentrating loose cargo, and port-to-port cooperation", we enhance the clean transportation of bulk goods based on the multi-mode transport characterized by "logistics leadership, intelligent empowerment, and high-level collaboration". In 2023, relying on our own special railway lines, we vigorously promoted the "shifting from road to rail transport". Beyond the existing transport of coal, grain, and aluminum products, we expanded to other categories, including cement clinker and kaolin, further solidifying the green transformation achievements in logistics and significantly reducing comprehensive energy consumption and pollutant emissions in logistics.

### In 2023

After switching from road to rail transport XMXYG Co., Ltd. achieved

Approximately **12** million tons transportation volume

**400,000** times automobile transportation reduced

**2.2** million tons carbon emissions reduced

### Clean stations

New green changes are also taking place within our railway transport stations. In 2023, Yulin Xiangdao Logistics gradually replaced diesel trucks with LNG (liquefied natural gas) tractors at its stations. In comparison, LNG engines emit only 25% of nitrogen oxides, 30% of hydrocarbons, and 12% of carbon-oxygen compounds by diesel engines respectively, with almost zero particulate matter emissions. Using LNG as fuel reduces nitrogen dioxide and carbon dioxide emissions in exhaust by 98% and 30%, respectively, compared to diesel fuel.

In addition, Anyang Xiangdao Logistics invests in building a fully automated car wash station to clean the dust and coal residue from shuttle vehicles, reducing road pollution during transportation. Meanwhile, wastewater from the car wash station has been filtered, settled, and treated, achieving wastewater recycling.

### Intelligent carbon reduction

Relying on the "Intelligent Logistics Service System", we have digitized warehouse management and made cargo rights visible online, significantly reducing carbon emissions from offline warehouse inspections. We also promote paperless self-service order processing and intelligent gate systems in all warehouses, fully applying electronic seals to achieve paperless operations throughout the inbound and outbound cargo processes.



Applying electronic seals

### Case

#### Green and low-carbon smart logistics park

By the end of 2023, all 11 stations of Xiangdao Logistics had launched the Intelligent park system, adopting the paperless self-service order processing system and intelligent gate system. Drivers replace traditional paper dispatch orders with online orders, saving approximately 1.1 million paper dispatch orders annually.

## Green manufacturing

In 2023, the National Development and Reform Commission and the Ministry of Science and Technology jointly issued the *Implementation Plan for Further Improving the Market-Oriented Green Technology Innovation System (2023-2025)*, which sets higher requirements for energy conservation, carbon reduction, and the research and promotion of advanced technologies. Following the concepts of green factory and green manufacturing, we continuously reduce energy consumption and improve resource use efficiency through process innovation, technological transformation, and the substitution of low-carbon energy. We actively engage in pollution prevention and control to promote green industrial upgrading and contribute to achieving the dual carbon goals.

## Developing green products

### Case

#### Innovative green vessel - 63800DWT bulk carrier

XMXYG S. O. E. closely follows international standards and carbon reduction trends. By lowering fuel consumption, adding nitrogen and sulfur removal devices, and exploring new energy fuels, the company actively promotes the technical transformation and iteration of its vessels and focuses on the research into methanol and other new clean energy fuel ships. In 2023, the 63800DWT "Elephant" bulk carrier was developed based on the 63500DWT bulk carrier. Along with traditional fuel, it features LNG and methanol dual-fuel design, with optimized hull lines, fuel tanks, and piping systems. This design can reduce carbon emissions by up to 40%, nitrogen emissions by 10%, and sulfur and particulate matter emissions by 70%.



63800DWT "Elephant" bulk carrier



Practicing energy conservation and emission reduction

Our core focus is carbon reduction through technology. Through lean management and technological innovation, we drive energy conservation and emission reduction in manufacturing enterprises, thereby enabling low-carbon development.

In 2023, Suihua XMMYG Biochemical implemented a waste heat recovery and energy-saving renovation, saving 10,615 tons of standard coal annually, equivalent to reducing carbon dioxide emissions by 26,113 tons. It also participated in the second compliance cycle of the national carbon emissions trading market and achieved a surplus of allowances after compliance clearing, creating environmental benefits.

In 2023, Zhuoyu Supply Chain, in collaboration with Changsha Research Institute of Mining and Metallurgy Co., Ltd., developed grinding classification technology, effectively increasing the iron recovery rate by 1%-2%, and reducing annual carbon dioxide emissions by approximately 186 tons.

Xiangming Oils factory innovated in the drying method for materials in the soybean crushing process, upgrading it from "hot air blower + steam" to "hot air blower + steam condensate + steam". Combined with intelligent control systems and other lean management projects, the company is expected to reduce steam usage by 16,000 tons annually, equivalent to reducing standard coal usage by 1,737.14 tons and carbon dioxide emissions by 4,516.56 tons.

Tightening "Three wastes" management

We strictly comply with environmental protection laws and regulations, and standardize the disposal of wastewater, waste gas, and waste materials. In fulfilling our supervision and management responsibilities, we strengthen ecological environment monitoring at project locations, and regularly submit environmental monitoring and protection reports to regulatory agencies, minimizing the impact of production and operations on the environment and natural resources.

Wastewater treatment

We have established stringent wastewater discharge and disposal management system, ensuring compliant wastewater discharge through improved technologies and equipment as well as the installation of monitoring devices.

Case
Protecting clear waters with multi-pronged approach

XMMYG PT. OSS strictly adheres to Indonesian wastewater discharge standards and has developed targeted environmental management systems. In areas with high wastewater discharge, such as steelmaking and living quarters, the company has built water treatment units that use methods like oil removal, flocculation and sedimentation, and sludge filtration. Additionally, water quality monitoring devices are installed to monitor wastewater discharge in real time.

Case
Chemicals reduction at sewage treatment plants

To remove oil and soap of the wastewater from the refining workshop of Xiangming Oils, acidification is necessary for meeting discharge standards. The company has improved wastewater treatment methods by recycling and settling washing wastewater, significantly reducing the oil and soap content. As a result, the use of hazardous chemicals such as concentrated sulfuric acid and calcium hydroxide has been greatly reduced.

Solid waste management

We clearly classify and manage general solid waste and hazardous waste, and entrust qualified companies to transport and dispose hazardous waste. By continuously innovating in eco-friendly solid waste treatment methods, we explore the recycling and reuse of solid waste.



XMMYG PT. OSS builds a 45-ton medium-frequency electric arc furnace in the steel plant of its park. This reduces the processes of iron slag screening and magnetic separation, significantly shortening the treatment process. Gradually, the on-site stockpile of 160,000 tons of slag iron will be handled, achieving resource recycling.



In accordance with the national and local standards, Suihua XMMYG Biochemical has established a strict waste management system. For general solid waste, such as corn purification impurities and spent activated carbon, the factory entrusts qualified companies for recycling. For hazardous waste, it has built a compliant temporary storage room. As long as the stored waste reaches a certain amount, the factory will entrust companies with hazardous waste disposal qualifications for treatment.

Waste gas treatment

We continuously upgrade and renovate waste gas treatment equipment, optimize manufacturing processes, and strengthen management measures to minimize the environmental impact of waste gas.



Based on the emission characteristics of pollutants, Suihua XMMYG Biochemical has installed bag filters and cyclone dust collectors on all exhaust stacks. By utilizing alkali spraying, alkali absorption, and low-temperature ionization, the factory improves exhaust gas treatment efficiency, reduces pollutant emissions, and lowers pollutant concentration levels. The emission indicators of tail gas are far below the national discharge standards.



The waste gas during production in XMMYG S. O. E. mainly comes from painting process. The company has built a painting workshop and installed a cyclone dust collector to collect and treat waste gas. Through the dry-type paint mist removal device, two-stage activated carbon adsorption device, and catalytic combustion, the organic waste gas is further treated, realizing multi-stage efficient control of waste gases.

Green living

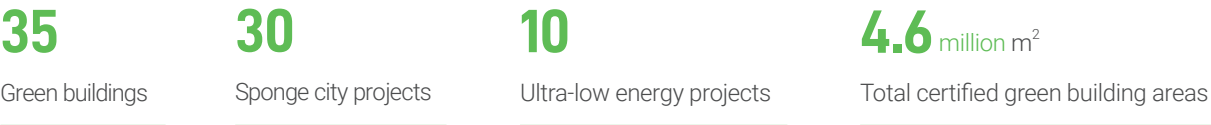
We integrate the requirements for building beautiful cities with green, low-carbon, beautiful, and ecologically livable features into all aspects of our real estate projects. By advancing breakthroughs in green technologies and applying intelligent building operation and maintenance systems, we promote management upgrades to create a sustainable living environment that is "desirable to live and work in".



XMMYG Real Estate engages in developing green buildings



As of the end of 2023, XMXYG Real Estate has developed



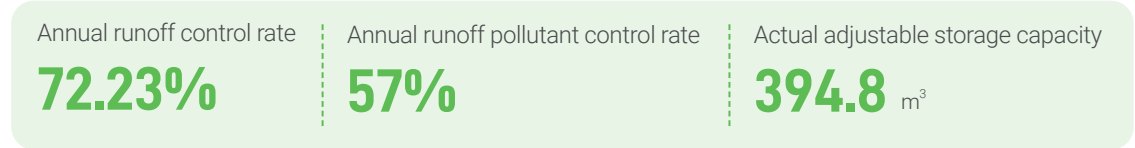
Case
 A "breathing" sponge city

In 2023, The Palace in Shanghai was officially launched. This is another sponge city project developed by XMXYG Real Estate. During the design and construction process, comprehensive design of pipelines and vegetation, etc., along with permeable paving, storage ponds, pollutant interception baskets and other facilities, were implemented to maximize the use of rainwater resources, promoting harmonious coexistence between urban construction and the natural environment.



The Palace of XMXYG Real Estate in Shanghai

The project successfully achieved:



Green finance

We closely follow national requirements for the development of a circular economy. Staying true to the original aspiration of "financial services for the real economy", we help enterprises in traditional industries complete plant relocation and production line upgrades with customized financial solutions, and achieve green transformation.

Case
 Facilitating smart energy-saving park construction with customized solutions

XMXYG J.H.G. provided comprehensive financial solutions for the industrial park renovation project of a steel enterprise, assisting in the green transformation of traditional industries. This upgrade includes waste heat power generation and other projects, achieving green energy and smart park operations. The comprehensive energy consumption per ton of steel in the new plant is expected to be about 5% lower than the industry average.

Case
 Reviving 60,000 mu of forest with innovative forest rights cooperation

XMXYG J.H.G. engages in deep cooperation with a local forestry bureau and a state-owned platform company. By transferring part of the payment and the income rights of the forest to the platform company, it has successfully revived the natural resources that had been seriously damaged by wildfires, with extensive vegetation loss and long-term idleness. This cooperation promotes comprehensive restoration and careful maintenance of over 60,000 mu of forest area, contributing to ecological environment restoration.

Green port

According to statistics from the International Energy Agency, the transportation sector is the second-largest contributor to global carbon emissions, accounting for 23% of total emissions. The shipping industry, as a vital part of transportation, contributes nearly 3% of global carbon dioxide emissions. In strict compliance with laws and regulations such as the *Regulations on Administration of the Prevention and Control of Marine Environment Pollution from Ships* and the *Discharge Standard for Water Pollutants from Ships*, we actively explore and practice new models for the green transformation of ships and port facilities, making us a pioneer in the green upgrading of Xiamen port.

Marine pollution control

Xiamen International Cruise Homeport, together with Xiamen Ferry and other seven passenger terminals, establishes a joint mechanism for "emergency response to ship pollution in the marine environment", and compile the *Emergency Response Plan for Work Safety Accidents in the Reception of Ship Sewage and Garbage*. By developing sound sewage reception procedures, improving sewage treatment devices, and conducting training sessions on ship sewage prevention and control, the company has achieved closed-loop management of ship sewage.

Green shore power construction

By the end of 2023, Xiamen International Cruise Homeport Group has planned and constructed two shore power systems. The systems can reduce carbon emissions from ships docked at the port by 40% to 70%, significantly eliminating air pollution caused by docked ships. The shore power systems began supplying electricity to the "Blue Dream Star" cruise ship in October 2023, marking the first regular commercial shore power supply for cruise ships in China.



"Lu Jiang You 7", the first diesel-electric hybrid catamaran passenger ship of Xiamen Ferry in the Xiamen-Gulangyu route

Deployment of green ship

In April 2023, "Lu Jiang You 7", the first diesel-electric hybrid catamaran passenger ship of Xiamen Ferry, was delivered and put into operation in the Xiamen-Gulangyu route. Compared to ordinary ships, "Lu Jiang You 7" has lower vibration and noise, offers a smoother ride, and reduces carbon emissions per trip by nearly 20%.



# Leading a Green Life

In an effort to be pioneers of green development, we actively promote a civilized, healthy, and eco-friendly lifestyle, practice green office principles, and organize a series of non-profit environmental activities, working together to build a beautiful and sustainable planet.

## Green office

Through the intelligent building equipment self-control system, we realize the precise control of the energy consumption equipment at XMYG Mansion. We also encourage employees to save water and electricity, and proactively promote paperless practices, such as, remote video conferencing, online approvals, electronic signatures, and digital business cards. Our goal is to create a low-carbon and environmentally friendly workplace.

In 2023

31,145

Online meetings organized

53,665

Hybrid meetings (online and offline) held, reducing carbon emissions from business travel

703

MWh

Electricity saved annually thanks to the implementation of remote AC control system and mode-specific control of the lighting system at XMYG Mansion

## Green initiatives

We actively popularize the green development concepts in society, and strive to enhance environmental awareness and participation among the public. By organizing a variety of activities, we encourage the public to adopt sustainable lifestyles.

### Case A new low-carbon lifestyle in the pioneering zero-carbon scenic area

In 2023, focusing on dining, accommodation, and travel, etc., XMYG I. D. G. initiated a series of activities in the Dongping Hill Scenic Area to share the joys of sustainable travel with citizens and tourists. The "Sustainable Travel Experience Officer" themed event was held more than ten times, encouraging coffee enthusiasts to bring their own cups. Throughout the year, the disposable coffee cups were reduced by approximately 2,300 units. Additionally, with the "Carbon Traveler" mini program, developed by XMYG I. D. G., various environmentally friendly actions of users can be converted into carbon credits, which can be redeemed for goods or services within the Dongping Hill Scenic Area, motivating everyone to engage in green and low-carbon behaviors.

# Non-profit environmental activities

We encourage our subsidiaries to take advantage of their strengths in various environmental activities, working together to build a green homeland.

### Case Cleaning the river to build a green environment

As XMYG PT. OSS spurs the rapid development in surrounding villages and towns, the riverbanks outside the industrial park have accumulated increasing amounts of plastic bottles, disposable tableware, and other household waste. In September 2023, the company organized professionals to clean the sediment and debris and coordinated with nearby waste stations for timely disposal. They cleaned approximately 2 kilometers long of the river, removing and transporting over 10,000 cubic meters of silt and garbage.



After river cleaning

### Case Fish stocking for marine ecological restoration

Fish stocking is widely recognized as one of the most direct and effective methods for restoring aquatic biological resources. From May to September 2023, Xiamen Ferry organized the "Fish Stocking for Ecological Compensation" activity at Songyu Wharf. They released approximately 490 million fish and shrimp fry, further promoting the recovery of aquatic biological resources and improving the marine ecological environment.



Organizing the "Fish Stocking for Ecological Compensation" activity



# Leading Innovative Development

The Central Economic Work Conference convened at the end of 2023 stressed to promote industrial innovation through technological innovation, especially to foster new industries, models, drivers and new quality productive forces through disruptive and frontier technologies. In response, we are consistently leveraging the leading role of technological innovation, to forge new drivers and advantages for the sake of industrial development. In line with the development philosophy of win-win cooperation, we continue to consolidate and establish new partnerships, and work to build platforms for international exchanges and cooperation that helps us share our advanced technologies and management experiences. We are keen to partner with more like-minded parties to create greater values and blaze a new path for industrial development.

## Contribution to SDGs





# Advancing Reform

Taking on the mission of serving national strategies, promoting regional development and securing people’s well-being, we are dedicated to accelerating digital and intelligent transformation. We apply digital tools to innovate in the development models of supply chains, the manufacturing sector, real estate, cultural tourism, continuously improving the quality of our products and services.

## Digital and intelligent supply chains

Committed to the strategy of “basing on supply chains, serving industrial chains, creating value chains”, we have established the XMYG Integrated Digital and Intelligent Supply Chain Service Platform and the XMYG-specific whole-industry-chain service model, offering customers individualized supply chain solutions covering the whole value chain to help them reduce costs and improve efficiency. We are integrating digital technologies with supply chain systems, and innovating in business models with digital and intelligent technologies. We continuously upgrade the integrated supply chain service systems, such as “Yu Lian Tong” Digital Supply Chain Service System and XMYG Co., Ltd.’s Cloud Supply Chain System, striving for a new ecology of intelligent supply chains.

### Intelligent logistics service system

With big data, cloud computing and IoT technologies as the core, we have created the XMYG Intelligent Logistics Service System (ISC System) to enable real-time logistics information collection, transmission and processing. It helps customers grasp such logistics information as the stock, transport, export clearance and import declaration, thus supporting the decision-making process with precise data support. In 2023, the ISC system achieved significant progress in projects such as the “Intelligent Crane System”, “Intelligent Park 1.0”, “Warehousing Screens”.



#### Honors

XMYG Co., Ltd. was honored Advanced Unit for 2023 China Digital Warehousing Standard System Building  
 XMYG Superchain’s case was honored Excellent Specialized and Sophisticated Solutions and Innovative Case of 2023 China Digital Warehousing

### Case Launching Intelligent Crane System to boost digital warehouses

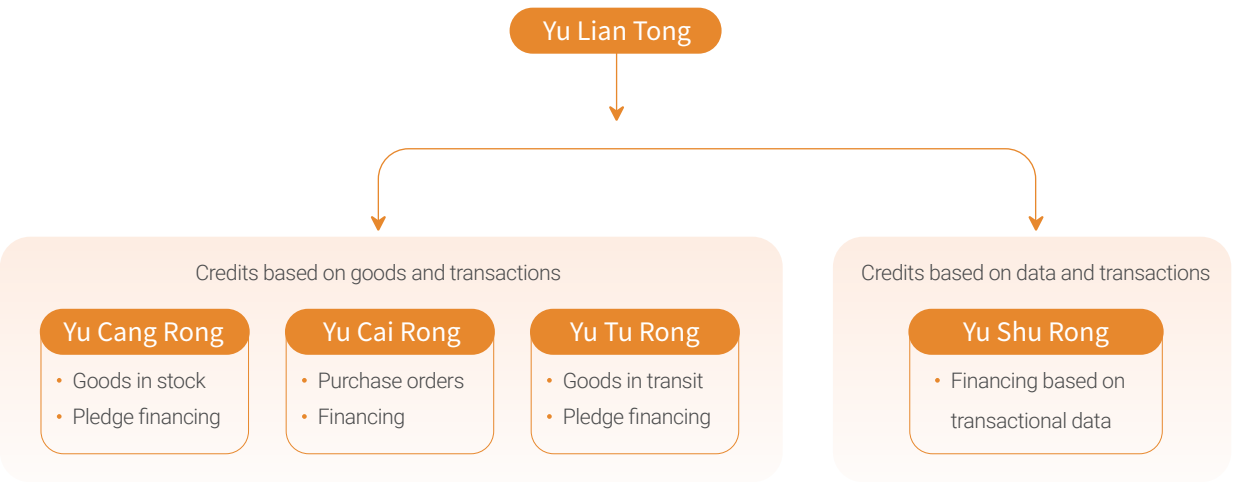
In 2023, the Intelligent Crane System was applied to the warehouse of Xiangdao in Anyang, XMYG Baoshan Warehouse in Shanghai and the warehouse of XMYG Zhengfeng in Tangshan. The adoption of the system has made the precise positioning and movement tracking of cargo within warehouses a reality. The warehouse managers and truck drivers no longer need to find cargo in person, which significantly lowers safety risks, improving picking efficiency by 75% and cargo entering and exiting efficiency by 57%. In addition, the system will automatically trigger the alarm function in case of unauthorized exiting operations. It is also connected with intelligent gates so that unverified vehicles cannot pass through the gates, preventing cargo ownership risks, such as wrong delivery or excessive delivery.



Intelligent Crane System

### “Yu Lian Tong” digital supply chain service system

In September 2020, the People's Bank of China issued the *Opinions on Standardizing the Development of Supply Chain Finance and Supporting the Stable Circulation and Optimization of Supply Chains and Industry Chains*. The supply chain finance is a crucial approach to securing stable supply chain and promote fund circulation of the industry chain. To overcome the difficulties of financing facing small and medium enterprises and the hardship of risk monitoring facing financial institutions, etc., we have established the “Yu Lian Tong” digital supply chain service system. In 2023, we fostered new partnerships with more banks and expanded access scenarios and business channels, including with over ten financial institutions such as the Bank of Communications, Ping An Bank and China Construction Bank.



#### Case

#### “Yu Cang Rong” helps paper industry in Dongguan address occupation of inventory funds

XMYG has built a dedicated intelligent warehouse for paper in Daojiao Town, Dongguan City, XMYG Superchain Dongguan Shuntong Warehouse, which offers all-in-one services covering export clearance, intelligent warehousing, transport, and “Yu Cang Rong” for customers from industrial clusters working on paper processing and distribution in Pearl River Delta area. It would usually take several months for these customers to distribute their bulk items, which may lead to the occupation of inventory funds. In partnership with banks, the “Yu Cang Rong” service on “Yu Lian Tong” system allows customers to initiate pledge financing by virtue of the electronic receipt for their warehoused cargo, addressing the occupation of inventory funds and giving small and medium enterprises the access to inclusive finance policies.



#### Honors

“Yu Lian Tong” digital supply chain service system  
 Honored Outstanding Case of 2022 China Logistics and Supply Chain Financial Services  
 Listed into 2023 Dingge Award Digital Transformation Pioneer List





MXXYG Co., Ltd. is invited to give a keynote speech at the 13th China · Wuhan Financial Expo

In 2023, "Yu Lian Tong" digital supply chain service system

¥2.7 billion+

Bank financing obtained for customers

150%

Year-on-year increase

## Digital and intelligent production

We are vigorously pursuing digital and intelligent solutions to raise our production and operational efficiency. In 2023, MXXYG Biochemical made strides in digital transformation, in a bid to empower its production and operation with digital technologies.

### Unmanned factory and park management platform

Based on mini-programs on WeChat and face recognition technology, the platform has upgraded online preservation and self-service functions, solving pain points, such as reducing latency time for truck drivers and improving loading efficiency. Until the end of 2023, we totaled 64,000 online preservations and the efficiency increased by 60%, effectively avoiding truck retention and exiting of unloaded trucks.

### Visualized sales management platform

To optimize order delivery, we have established a visualized customer follow-up management platform to dynamically gather sales contracts, order execution information and showcase to customers the entire sales process from order placing to delivery. The customer participation and satisfaction rates have significantly improved through more standard, transparent and visualized information management.

### TMS transport management system

The system puts online all processes from factory, container yard, port of departure, port of destination, external warehouse to customers' receipt flow, transport flow and expense flow. In addition, it integrates such functions as vehicle management, intelligent dispatching, transport capacity coordination and intelligent accounting, visualizing the entire transport process. Thus, the system contributes to digital upgrading of transport management, and further raised operational efficiency.



### Honors

MXXYG Biochemical was honored 2023 DingGe Award · Industry Chain Leading Enterprise and 2023 DingGe Award · Digital Transformation Pioneer for its digital transformation project

## Digital and intelligent community

MXXYG Real Estate advances the deep application of digital technologies to community construction, building management and other areas. The company strives to leverage technological innovations as key drivers for improving the living environment and building an intelligent, high-efficient and comfortable modern living space.

### Case

#### Online services for long-term house renting

MXXYG Real Estate has launched the YUGUO Apartment, initiating a house renting reform. By 2023, after two-year construction of the YUGUO System, YUGUO Apartment had been equipped with full online services including preservation, contract signing, checking in and checking out. The tenants can apply for electronic receipts and receive them through an e-mail or instant message, reducing the time for invoicing. In the meantime, the apartment adopts an advanced IoT platform that realize seamless linkage with the intelligent facilities including water meter and door lock. The tenants can pay for their utility bills, submit issues and repairs requests and get bill alters via the mini programs, leading a convenient life.



YUGUO Apartment

## Digital and intelligent elderly care

MXXYG Senior Living Care Center has installed an intelligent service system to create a safer, more convenient and comfortable living environment for elderly people.

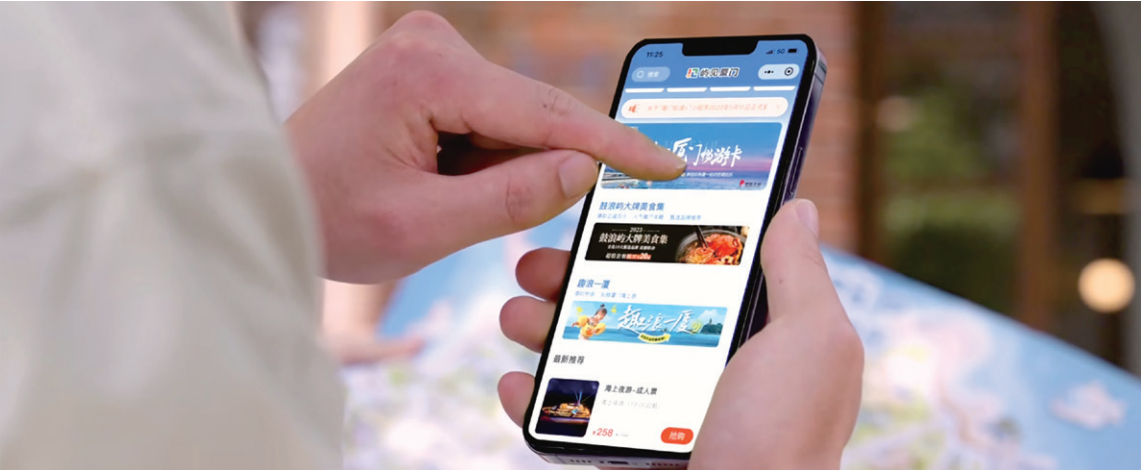
- In the dining room, the intelligent plates have chips inside to match with the intelligent dining table, which can automatically read and calculate the nutritional value of each meal. It is also matched in a plate-person model through their ID cards, sending the nutrition data to the professional nutritionists, ensuring each meal is balanced and nutritious.
- The health profile of each elderly people is stored in MXXYG Senior Living's healthcare platform, which can access their health assessment, dynamic health check-ups report, physical parameters, chronic disease assessment and intervention, nursing assessment and intervention plan through a single click. This ensures early identification and prevention of any possible poor living habits or hidden health issues, building a firewall against health risks to the elder people.
- MXXYG Senior Living's intelligent ID card has two major functions: intelligent positioning and emergency rescue. A click of the button on ID card will trigger alarm and immediate positioning, calling the security, health counselor and medical team. Necessary help and rescue are guaranteed within three minutes, winning precious life-saving time.



Digital and intelligent cultural tourism

Embracing the evolving internet, Xiamen International Cruise Homeport Group utilizes digital technologies to provide customers with individualized, convenient cultural tourism products and experience, improving tourist services and safety management efficiency.

Case
“Meet U” Platform



The "Meet U" Platform was launched on May 19, 2023. Integrating fine cultural tourism resources in Xiamen, it is a one-stop intelligent tourism service outlet established by Xiamen International Cruise Homeport Group with core services of Gulangyu Island ferry ticket, sea tourism and international cruise ship. Synthesizing a variety of scenarios including dining, accommodation, travel, sightseeing, shopping and entertainment, the platform recommends Xiamen's finest cultural tourism products through selection and intelligent analysis, which is based on the ideas of "less is more", "tailored is best" and "happy journey". It offers one-stop travel experience that differ from person to person.



Pursuing Responsible Procurement

We incorporate the ESG philosophy into our supplier management. Based on their business reality, each subsidiary takes into account suppliers' performance, including environmental protection, labor rights and integrity management, forging ahead towards sustainable development together. We have formulated and regularly revise such systems as the *Procurement Management Policy* and *Regulations on the Procurement of Non-operational Administrative Goods and Services*, in a bid to promote transparent procurement and clarify the requirements for supplier access, selection, evaluation and other steps.

- Access and review**  
We formulate access standards and review requirements for different types of service projects, giving thought to a number of factors such as supplier qualification, scale, technological innovation capability, project manager experience, integrity record and credit.
- Selection and adoption**  
We make a fine supplier list based on their comprehensive strengths including qualification, scale, performance and credit. The list is dynamically managed and evaluated in real time, so that unqualified suppliers will be dropped out in time.
- Evaluation and delisting**  
We regularly evaluate suppliers' performance and introduce the mechanisms of "survival of the fittest" and "rewarding the good and fining the bad". Those who severely violate our regulations will be blacklisted, and non-integrity behaviors are vetoed by one vote.

Case
Digital and intelligent supplier rating model

In October 2023, we launched a supplier rating model and trialed it in XMXYG Co., Ltd.'s business division. The digital model utilizes multi-faceted data of suppliers, including their history transaction, business cooperation performance, industrial and commercial information, public reputation and tax credit. It can realize in-depth analysis and objective rating of suppliers' data by means of data processing, machine learning and model training, which will support the decision-making for supplier cooperation and offer the quantitative evidence for tiered supplier management.

Case
Full lifecycle ESG assessment of suppliers

XMXYG Co., Ltd. highly values suppliers' full lifecycle management. The company demands detailed information from supplier regarding environmental protection investment, production security and employee rights protection in key processes including due diligence, supplier access and evaluation, which is the basis for supplier prioritization.



# Striving for Win-win Results

Through the XMXYG model of building platforms and promoting win-win cooperation, we continuously heighten industry exchanges and diverse cooperation, promote innovation practices and knowledge sharing, and cultivate emerging forces. Our aim is to build momentum for high-quality industrial development.

## Engaging in standard formulation

We vigorously engage in the formulation of industry and group standards, during which we offer our opinions and suggestions given our rich practical experience and expertise, contributing to the standardized development of the industry.



- In August 2023, the *Enterprise Green Logistics Assessment Indices (W/BT 1134-2023)* and the *Methodology for Greenhouse Gas Emission Accounting in Logistics Companies (W/BT 1135-2023)*, of which XMXYG Co., Ltd. was one of the formulators, were officially released.
- In September 2023, the *Ships and marine technology—Performance test procedures for LNG fuel gas supply systems (FGSS) for ships (GB/T 43122-2023/ISO 22548:2021)* and *Ship and marine technology - risk assessment on anti-fouling systems on ships - Part 3: Human health risk assessment method of biocidally active substances used in anti-fouling paints on ships during the application and removal processes*, of which XMXYG S. O. E. was one of the formulators, were officially released.
- In December 2023, the *Basic requirements for finished steel digital warehouse and Basic requirements for coal digital warehouse*, of which XMXYG Co., Ltd. was one of the formulators, were released, thanks to which the company was awarded the Advanced Unit for 2023 China Digital Warehousing Standard System Building.

By the end of 2023, the Corporation and its subsidiaries participated in the formulation

2

National standards

6

Industry standards

8

Group standards

## Promoting cooperation and exchanges

We maintain close partnerships with the government, enterprises and other parties. Through joint discussion about frontier trends and innovation models and by means of resource sharing and leveraging complementary advantages, we strive to achieve coordinated development and win-win results.



The 5th China Online Freight Transport Platform Summit

### Industry summit

- On February 24, 2023, the 5th China Online Freight Transport Platform Summit, hosted by China Federation of Logistics and Purchasing, organized by XMXYG Co., Ltd. and other organization, and supported by XMXYG Zhiyun, was convened in Xiamen. Several thousands of representative of the government, industry associations and logistics and supply chain enterprises came together to discuss the latest development trends.

### Research cooperation

- In September 2023, the New Energy Supply Chain Logistics Innovation and Application Lab, jointly founded by XMXYG New Energy and Xiamen Supply Chain Technological Innovation Center, was officially launched. The lab will utilize digital tools and intelligent logistics systems, and combine industry chain resources to explore new models and technologies applicable to the new energy supply chain and to further foster the stable and high-efficient operation of the chain.

### Government cooperation

- In May 2023, we signed a strategic cooperation agreement with Xiangyang Municipal People's Government on jointly building a modern logistics and supply chain system and upgrading the industries in Xiangyang.
- On November 3, 2023, XMXYG Co., Ltd. signed a cooperation agreement on the plant protein processing project with Dalian Taiping Bay Cooperative Innovation Zone Management Committee, China Merchants Taiping Bay Development and Investment Co., Ltd., and Liaoning Port Group Co., Ltd. in Dalian.

### Enterprise cooperation

- On November 8, 2023, XMXYG, as well as other two municipal state-owned enterprises, signed a strategic cooperation agreement with the Agricultural Development Bank of China on promoting national food security, the stable production and supply of major agricultural products, agricultural modernization and rural vitalization, etc.
- On October 13, 2023, XMXYG signed a strategic cooperation agreement with LUCION. The two parties will integrate resources to accelerate exploration of a diversified cooperation model.

## Cultivating new talent forces

Adopting the industry-academy-research-application integrated mechanism, we are collaborating with famous universities and research institutes to explore the long-term talent cultivation mechanism, infusing new talent forces into the industry. In 2023, we established industry-academy-research practice bases jointly with several universities, and rolled out a variety of activities including university-enterprise exchanges, internship education and career workshops to enhance sound interaction.

### Case

"Xiangxinli Cup" competition infuses fresh blood into the industry

In July 2023, the 3rd "Xiangxinli Cup" industry research competition was launched by XMXYG Co., Ltd. 239 students from over 60 domestic and overseas universities, including the Renmin University of China, Central University of Finance and Economics, University of International Business and Economics and Xiamen University, formed 89 teams to compete with each other. The competition unfolded with three industry research topics: "finished oil", "live pig", and "lithium carbonate". This event served as a platform for university students to showcase their industry research thoughts and academic levels, facilitating the application of academic achievements and the all-win result for universities, students and enterprises.



# Shaping a Better Future for Shared Benefits

The 20th CPC National Congress stressed that material abundance and cultural-ethical enrichment are fundamental goals of socialist modernization. Rooted in the big picture of national development, we promote the development of a community with a shared future for mankind and align the high-quality corporate development with people's aspirations for a better life. We strive to be a driving force for global progress, offer insights for coordinated regional development, contribute to the building of beautiful countryside, and dedicate ourselves to creating a happy life with material abundance and cultural-ethical enrichment, for all citizens.

Contribution to SDGs





# Driving Global Development

The year 2023 marked the 10th anniversary of China's Belt and Road Initiative. Over the past decade, on the journey to build a community with a shared future for mankind, we have been steadfastly committed to the mission of "Benefiting the World, and Achieving Success Together". We have focused on the pain points and difficulties of related industries in foreign countries, driving the comprehensive development of the economy, environment, and society in countries and regions along the Belt and Road. By doing so, we enable more countries and partners to hitch a fast ride on China's development while advancing Chinese modernization.

## Ensuring the stability of the international supply chain

We fully leverage our comprehensive service capabilities across the entire supply chain of bulk commodities. By issuing the first "Belt and Road" renewable corporate bond in Fujian Province, we continuously expand supply chain channels for energy and chemicals, agricultural and forestry products, metals and minerals, and new energy products, effectively connecting markets and resources in China and abroad.

### In 2023

XMXYG's Indonesian integrated stainless-steel smelting project has cumulatively produced **4.9 million+** tons of stainless steel and ferronickel, driving imports and exports of **US\$ 15 billion+**, bringing a revenue of **¥120 billion+** across the whole industry chain, and directly creating **16,000+** local jobs

## Reinforcing bulk commodities business

We have made breakthroughs in the global business of aluminum, agricultural products, coking coal, oil products, and new energy products, etc. Specifically, the imports of aluminum alloy ingots soared by over 330% year on year, and the re-exports of scrap aluminum increased by over 150% year on year. The imports of Mongolian coal rose by over 170% year on year, accounting for over 17% of China's total Mongolian coal imports. The imports of palm oil went up by more than 120% year on year. The exports of photovoltaic products also increased by over 100% year on year.

## Unblocking international logistics channels

We have newly purchased an SMX vessel in Indonesia. The maritime freight volume of barges for intra-Indonesia trade grew by over 80% year on year, and the maritime freight volume of China-Indonesia and its extended lines increased by over 200% year on year. The freight volume of China-Vietnam and China-Thailand lines increased by 7.5% year on year. Our international dry bulk channel reaches thousands of ports, with the number of voyages increasing by 6 times year on year. The round-trip container shipments of China-Europe and China-Central Asia trains rose by 60% year on year.

### In 2023

US\$ **19.188 billion** imports and exports totaled, a year-on-year increase of **17%**

US\$ **2.1 billion** exports totaled **86** countries covered

### In 2023

**20 million+** tons

International bulk cargo shipments totaled

**40,000+** TEUs

International freight train shipments totaled

**80,000+** TEUs

International container shipments totaled



SMX bulk carrier successfully docks at the PMS terminal in Indonesia, completing maiden voyage

### Case

#### Expanding logistics channels to empower automobile exports

In 2023, China's automobile exports leaped to the top across the globe. International logistics is a crucial part of the automobile exporting chain. To expand international logistics routes, XMXYG Superchain has leveraged XMXYG's global logistics network and robust logistics resources, and given full play to its comprehensive service advantages driven by the multi-mode international "door-to-door" transport, including container shipping, China-Europe rail transport, sea-rail combined transport, and truck transport. XMXYG Superchain carries complete vehicles and automobile parts outbound to the Eurasian regions. It offers customers a full spectrum of logistics services, including vehicle acceptance, container loading supervision, freight booking, export customs declaration, and overseas customs clearance. In 2023, XMXYG Superchain transported over 1,600 vehicles outbound with shipping containers, and set up dedicated automobile exporting lines in Chengdu and Xi'an, with over 2,000 vehicles shipped outbound to Europe throughout the year. With its professional one-stop international logistics operating capability, XMXYG Superchain ensures efficient connectivity of each link and dynamic response to customer needs, helping Chinese carmakers boost their export shipping capacity and efficiently reach the world.



The dedicated train for automobile exports is successfully dispatched

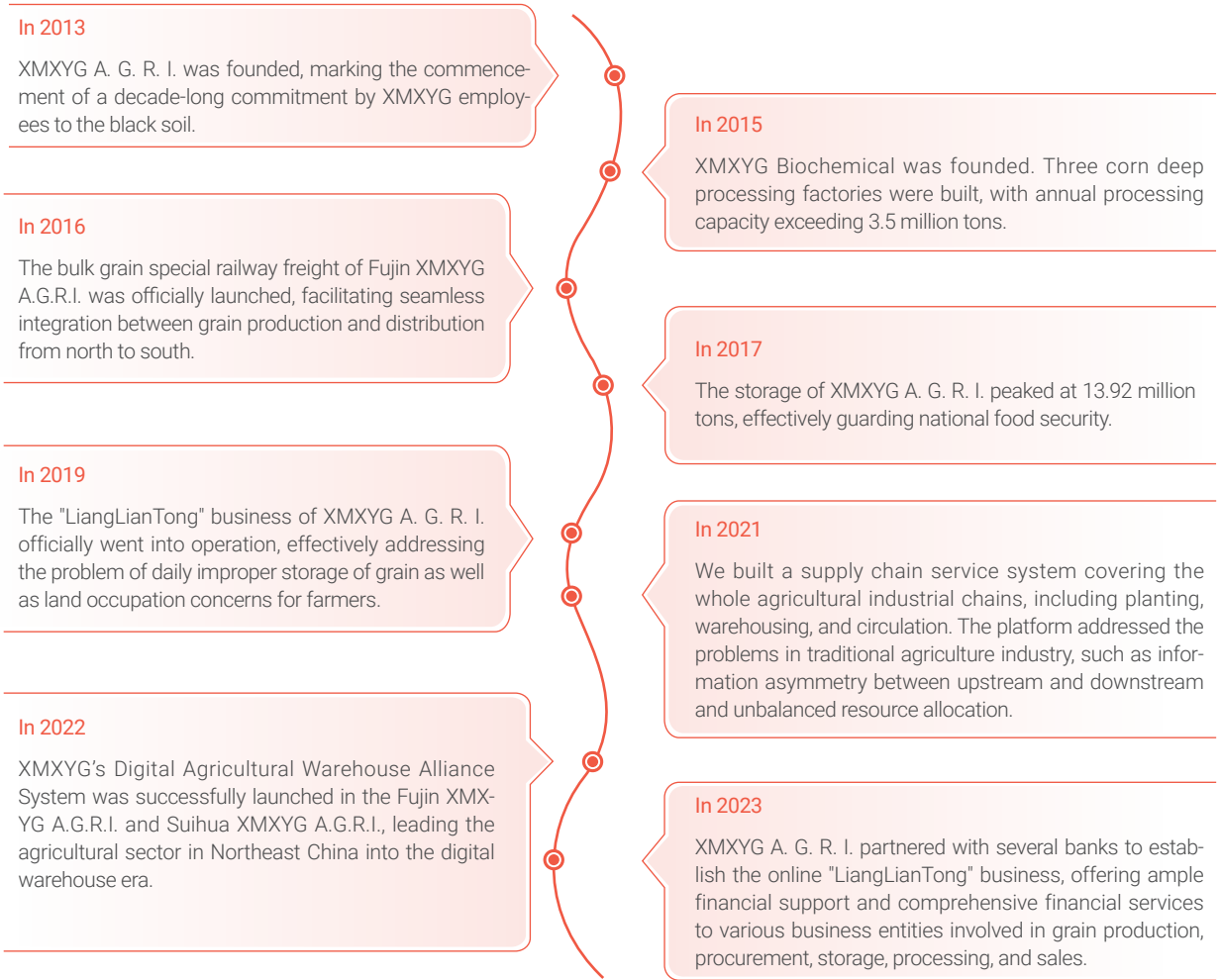


# Empowering Coordinated Development

Since the 18th CPC National Congress, the CPC Central Committee with Xi Jinping at its core has given greater weight to gradually bridging the regional development gap and achieving common prosperity for all, and made an array of major arrangements to promote coordinated regional development and high-quality development. Implementing the strategy of coordinated regional development is a key strategic move concerning the overall economic development of China, and also a vital part of practicing the new development philosophy and building a modernized economy. We actively play our pivotal role as a state-owned enterprise in strategic support by contributing to the revitalization of Northeast China, the integrated development of Chinese mainland and Taiwan, the development of the Yangtze River Economic Belt, and the port-industry-city integration. Our efforts have injected impetus into regional development and facilitated the co-building, sharing, co-creation, and win-win cooperation.

## Promoting the revitalization of northeast China for a decade

As a main region of China's grain production, Northeast China stands as a crucial cornerstone in ensuring national food security. In 2023, we rooted ourselves in Northeast China for the tenth year. With a focus on the objective of "safeguarding national food security and stabilizing the grain industrial and supply chains", our efforts have been centered around addressing the challenges and needs of farmers, including easing the difficulty of grain sales for farmers, opening up the project of "North to South Grain Diversion", and extending the grain industry chain. In addition, we adopt a dual strategy of "supply chain + deep processing" and leverage the comprehensive advantages of supply chain operations. This entails the establishment of seven modern warehousing and logistics centers, culminating in a service system for the entire grain industry and supply chains. Through this system, we effectively cater to the diverse needs of farmers.



# Deepening cross-strait exchanges for integrated development

In September 2023, the *Opinions of the Central Committee of the Communist Party of China and the State Council on Supporting Fujian in Exploring a New Path for Cross-Strait Integrated Development and Establishing a Demonstration Zone for Cross-Strait Integrated Development* was issued. Leveraging its geographical advantages, XMXYG embraces the era of cross-strait integration and upholds the conviction that people on both sides of the Taiwan Straits are of the same family. We have been making involved in various aspects such as passenger transport, cargo trade, business innovation, and cultural exchanges, striving to advance integration through better connectivity and more preferential policies, and based on mutual trust and understanding.

- We facilitated the resumption of Xiamen-Jinmen Mini Three Links passenger route. As of December 2023, the vessel "He Ping Xin Xing," under XMXYG's operation, had completed a total of 408 voyages, ferrying 75,100 passengers. This constituted 10.48% of the overall passenger traffic on the Xiamen-Jinmen route.
- In April 2023, we established a cross-border e-commerce supervision center at the cruise terminal and brought forward an innovative model that integrates container freight station and terminal in China. This innovation enables an efficient logistics operation process: goods are dispatched to the port upon arrival at the warehouse; goods are transported to the dock upon clearance for shipment; and goods are promptly loaded onto ships upon arrival at the dock. This advancement continuously boosts Xiamen's competitiveness in cross-border e-commerce exports to Taiwan.
- Continuously driving the transformation and upgrading of Dadeng market, we provided inclusive rental relief to all the retailers, with an estimated reduction of ¥ 3.43 million. Additionally, we developed distinctive projects tailored for Taiwan, such as establishing a Xiamen-Jinmen industry-education integrated base and continuously supporting the development of the Xiamen-Dadeng cross-strait youth entrepreneurship park. Our aim is to attract Taiwan youth to intern, work, and start businesses in Dadeng.
- On November 1, 2023, XMXYG released China's first cross-strait integrated e-CNY bond. The funds raised will primarily support the Corporation's financial needs for operations with Taiwan, contributing to cross-strait integration and development.

## Case The first Xiamen-Jinmen Red Brick Culture Festival

In 2023, during the Mid-Autumn Festival, Xiamen XMXYG Industry Development Group Co., Ltd. hosted the inaugural Xiamen-Jinmen Red Brick Culture Festival under the theme "Xiamen-Jinmen Integration for a Better Future Together." Based on the shared cultural characteristic across the Taiwan Strait, the festival integrates traditional customs with contemporary trends. Over the span of 8 days, more than 10 themed activities were carried out at the main venue, showcasing Xiamen's distinctive cultural essence. Additionally, the festival's satellite venue featured the "Lexiang Zimao" Xiamen-Jinmen goods consumption event. Our endeavors led to the establishment of a fresh platform for cross-strait integration collaboration.



Xiamen-Jinmen Red Brick Culture Festival



## Jointly developing the Yangtze River Economic Belt

We actively respond to the national development strategy of the Yangtze River Economic Belt. With our capability of integrating upstream and downstream markets and premium resources in highways, railways, waterways, and airways, we build a stable, high-quality and integrated supply chain service platform. This platform serves as a vital force of XMXYG in accelerating the building of central region into crucial nodes for domestic circulation as well as pivotal hubs for the dual circulation that allows the domestic and overseas markets to reinforce each other, with the domestic market as the mainstay.

### Case Charting a new chapter for the economic development of Hubei Province

Leveraging the extensive domestic and international logistics resources of XMXYG, along with a well-developed digital and global logistics system, Hubei Chuxiang Supply China Group Co.,Ltd. actively explores ways to design and match multimodal transportation routes for iron ore, including inland water transport, railway transport and sea transport. This initiative aims to establish a network-based comprehensive logistics supply chain service system encompassing highways, railways, waterways, airways and warehouses, accelerating Hubei's journey to becoming the pivotal hub in the new era. Since its inception in 2022, the firm has accumulated over ¥ 10 billion in revenue and registered US\$ 500 million dollars in imports and exports, with the weight of goods including products sold and those by logistics distribution reaching nearly 4 million tons. The firm's endeavors serve as a shot in the arm of Hubei's economy.

#### Refined grain logistics system

In June 2023, Hubei Chuxiang Supply China Group Co.,Ltd. partnered with Xiamen Xiangyu Elink Multitrans Co.,Ltd. and Xiangyang Land Port Supply Chain Management Co., Ltd. to launch the first "Kazakhstan-Wuhan" Central Asia grain train. This train carried approximately 1,300 tons of imported bran. Departing from Kazakhstan, it traversed through Khorgos, then reached Wujiashan in Wuhan. From there, it delivered supplies to feed production enterprises such as Hubei CP Co., Ltd. and Hubei Haid, ensuring feed supply for downstream livestock and poultry breeding enterprises in the industrial chain.

#### Stable energy service system

Hubei Chuxiang Supply China Group Co.,Ltd. ensures regional energy security through a more stable and resilient supply chain. In 2023, within the coal supply efforts at Hubei Energy Xiangyang (Yicheng) Power Plant, over 430,000 tons of coal had been supplied, constituting 60% of the plant's coal procurement. Concurrently, the firm collaborated with Energy Administration of Hubei Province to successfully execute coal assurance measures for both the winter and summer peak seasons in 2023.



Hubei Chuxiang Supply Chain assists in ensure coal supply

## Empowering the development of the port cities

In 2019, the Ministry of Transport, the National Development and Reform Commission, and the Ministry of Finance among others issued the *Guiding Opinions on Building World-Class Ports*, shedding light on the direction toward building world-class ports: port-industry-city integrated development. As an enterprise rooted in Xiamen, we align ourselves with its openness and prosperity. Focusing on our endeavors in the port and shipping sector, we work to build unique cultural and tourism offerings, driving forward the integration of port, industry, and city and injecting vibrant momentum into Xiamen's high-quality development.

### Case China's first culture-driven, commercial and tourism complex based on the southern Fujian culture



"Time Meets Island" project's launch ceremony

On December 12, 2023, Xiamen International Cruise Homeport Group unveiled the "Time Meets Island" Project, marking the inauguration of China's first cultural, commercial, and tourism complex rooted in Southern Fujian culture. The project integrates museum-style immersive performance, southern Fujian themed streets, dreamlike ocean plaza, and trendy night economy zones. In collaboration with the renowned designer Mao Houde, the project underwent meticulous script refinement by cultural and historical experts from Southern Fujian and Xiamen. The project's aim is to become a good platform for showcasing the culture and stories of Southern Fujian and Xiamen and craft a fresh urban cultural emblem for Xiamen's coastal tourism landscape.

### Case The Upgrading of passenger waiting hall of Xiagu Wharf

In 2023, Xiamen International Cruise Homeport Group underwent a comprehensive upgrade of Xiagu Wharf, incorporating four key elements of "Xiamen Impressions": island charm, therapeutic nature, cultural richness, and romantic ambiance. Employing techniques such as art displays and digital technology, coupled with interactive installations, floral arrangements, and themed sculptures, the wharf now boasts several themed waiting lounges, including the "Island of the Sea", "Island of the Forest", "Island of Music" and "Island of Flowers." These enhancements aim to elevate the visitor experience and contribute to Xiamen's journey towards becoming a first-class global destination for leisure and tourism.



Upgraded waiting hall of Xiagu Wharf



# Building Beautiful Villages

General Secretary Xi Jinping stressed at the Central Rural Work Conference: "Work must be done to revitalize the five areas including industries, competent personnel, culture, ecosystems, and organizations in rural areas in a coordinated manner, with emphasis placed on major fields and deficiencies addressed." In 2023, focusing on the aforementioned "Five Rural Vitalization" goals and capitalizing on our expertise, we vigorously promoted rural vitalization. Through multiple measures such as industrial assistance, consumption-driven assistance, and paired assistance, we catalyzed the endogenous development of rural areas.

## Industrial assistance

We give full play to our expertise in investment attraction and project planning and operation. Based on our experience in Dazhai Village, we work to extend support to more villages. We adopt appropriate approaches by taking into account factors including industries, talents, culture, ecosystem, and Party organs. By doing this, we manage to make most of idle resources and formulate tailored "transformation" schemes for each village, fostering diverse development opportunities across villages.

### As of the end of 2023

Four out of five villages receiving assistance had achieved their annual target of generating

¥ **500,000** in village revenue

#### Yuntou Village

We utilized the unused resources of Yuntou Primary School. Focusing on projects concerning new media, cultural tourism development, cultural and creative industries, as well as innovative business operations, we established a practice base for rural vitalization. Our goal is to ignite economic vitality within Yuntou Village.

#### Dingxu Village

We have built a smart parking lot in Dingxu Village, and mobilized the surrounding resources such as the ancient city wall, the City God Temple, and Houxi River to drive traffic and stimulate momentum.

#### Guoxi Village

We leased four houses covering an area of approximately 300 square meters at the Caozaishi pier. These houses, complemented by the creek trending online in Guoxi Village, constituted a leisure and tourism industry combining cultural experiences with healthy lifestyles. Additionally, we set billboards for rent along the highway.

#### Houban Village

We revamped and repurposed the idle houses in Houban Village to establish the Houban Manor, a multifaceted countryside complex integrating themed accommodations, traditional Chinese medicine programs, daytime eldercare services, parent-child educational experiences, and agricultural products exhibition and sales. Our aim is to promote economic growth and attract innovative and entrepreneurial talents.

### Case

#### The arts festival brimming with rural charm

In early 2023, we devised a development model of "art + agriculture" by utilizing the idle resources of houses, land, and labor in Huangcuo Village, Neicuo Town, Xiang'an District. In March, in collaboration with various departments of the Xiang'an District government, we launched the district's inaugural arts festival under the theme of "Art Life in Huang Cuo". This event featured the debut of the "River of Time" art exhibition by Ma Xinbo, the exhibition of "Southern Fujian" art competition, distinctive themed booths and rural experiential activities. The festival drew in crowds of visitors and charted a new path for rural vitalization—a path characterized by cultural development and artistic empowerment.



The district's inaugural arts festival under the theme of "Art Life in Huang Cuo"

## Assistance through consumption

In collaboration with villages in assistance program, we actively explore channels for the sale of agricultural products. Through initiatives like exhibition promotion, poverty alleviation through e-commerce, social support, and labor union involvement, we inject market momentum into the production of local distinctive farm produce and sideline products.

### Agricultural assistance through e-commerce

With the "Shangfa Youxuan" platform under XMXYG, we establish an online sales section for agricultural assistance that is dedicated to promoting the sale of distinctive agricultural products from Houban Village. We provide guidance on links including logistics, warehousing, packaging and product selection, aiming to expand the market for these agricultural goods. This innovative sales approach has generated orders worth ¥ 93,000 for Houban Village, contributing to the growth of the village's collective economic income.

### Increased income through procurement

On occasions such as New Year's Day, the Dragon Boat Festival, and the Mid-Autumn Festival, companies under XMXYG would carry out the procurement of unique agricultural products from villages in assistance. The procurement is conducted in the form of sending gifts through union caring visits, promoting local products through events, and making targeted purchases. These initiatives aim to expand the sale channels for unique agricultural products from these villages and boost farmers' incomes.

### In 2023

¥ **328,000+**

Total amount of procurement

## Pairing assistance

We actively mobilize all units of XMXYG to consistently conduct compassionate pairing assistance actions. This involves contacts, exchanges, and visits, all based on the idea of offering spiritual support and alleviating hardships. With heartfelt dedication, we strive to address the pressing concerns and needs of the villagers.



# Engaging in Public Welfare

We care about people's well-being and actively fulfill the responsibilities as a state-owned enterprise. In tandem with our partners and communities, we have carried out various public welfare activities in fields such as education, elderly care, people's habitation, and support for vulnerable groups. We strive to set an "XMYG example" in the modernization of social governance.

## Pleasant living environment

Talent is the cornerstone of innovation and prosperity. To attract talents, we actively collaborate with local governments and carefully study the residential needs of urban youth. In this regard, we build the YUGUO Apartments, a long-term rental brand under XMYG, embracing the ethos of "Life Unfolds Here." In areas including Xiamen, Shanghai and Tianjin, we offer nearly 9,000 rental apartments, striving to build cosy havens for the next generation. With distinctive living spaces and comprehensive amenities, the occupancy rate and customer satisfaction rate of YUGUO Apartments have both exceeded 90% and the brand was listed among top 10 affordable rental housing products in China in 2023.



### Case Building an ideal living zone for Shanghai's youth

In April 2023, XMYG Real Estate introduced the YUGUO Apartment (Zuibaichi) in Songjiang District, Shanghai, making it the first large-scale community-level talent apartment for rental only in the old town of Songjiang District. The project can be accessed on the "Suishenban" application, facilitating urban living for new residents and exceptional talents. The program has over 1,800 apartments on offer and more than 90% of them are the south-facing ones. All apartments feature independent kitchens, bathrooms and balconies and are equipped with necessary furniture and appliances. The apartment community is also equipped with over 3,800 square meters of supporting commercial facilities and boasts green landscape public zones such as a central green plaza, green recreational corridors, and children's activity places. In addition, the community offers diversified services including 24-hour guard duty, environmental cleaning in the public area, regular engineering maintenance, advanced security system, housekeeping, door-to-door maintenance and neighborhood activities. The apartment is committed to letting young people who work in Shanghai feel a warm sense of happiness here.



## Care for the elderly

During the "14th Five-Year Plan" period, the CPC Central Committee has escalated the strategy of "proactive response to population aging" to the national level and elaborated specific plans in the *Guideline for the 14th Five-Year Plan (2021-2025) for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035*. With the acceleration of aging, the demands of Chinese elderly are currently shifting from survival to development. Based on XMYG Senior Living Care Center, we keep enhancing the scope and quality of our elder care services that involve medical care, nursing care, and education for the elderly. Our aim is to provide seniors with a comforting experience in their twilight years, while driving forward the advancement of high-quality elderly care services.

### Colorful classes

In 2023, we underwent a comprehensive upgrade of the Ciai School of XMYG, introducing innovative courses like the wind controller class and meditation yoga class. We implemented a tiered teaching approach to cater to the precise needs of various seniors. By the end of 2023, the school had conducted over 1,500 sessions, serving more than 1,200 elderly individuals.



Wind controller class in the Ciai School of XMYG

### Travel and recreation

XMYG Senior Living Care Center collaborated with the cultural and tourism enterprise under XMYG to pioneer a one-stop travel and recreation journey. In July 2023, hundreds of the senior travelers embarked on a five-day "Lujiang River Night Cruise" at Xiamen Bay, indulging in an immersive experience of the local customs and traditions of southern Fujian.

### Volunteering services for the elderly

We uphold the tradition of honoring and caring the elderly and collaborate with various sectors of society that show compassion. We organize volunteering initiatives such as free medical consultations and free film-watching activities. By the end of 2023, we had conducted 42 sessions of volunteer service dedicated to elderly care, with the participation of 312 volunteers contributing over 2,000 hours of service in total.



## Hope projects

As a long-term contributor to the development of education, XMXYG places a high value on the growth of the youth by establishing a leadership team dedicated to the work of the next generation. We consistently donate educational facilities and offer a wide array of extracurricular cultural activities, providing robust support for the holistic development and well-being of the upcoming generation.

### In 2023

XMXYG donated **50** computers, with a total value of **¥155,000**, to units and schools in Xinjiang and Tibet

XMXYG Real Estate donated nearly **1,400** books to students in the Liangshan Yi autonomous prefecture, Sichuan province and in the rural school in Tong'an District, Xiamen

For **14** consecutive years, XMXYG had been actively involved in characteristic activities such as the "Colorful Holidays, Happy Companionship" summer vacation homework tutoring in the Changle community

### Case

#### 12-year educational support shapes the future of education

Since we contributed ¥ 1 million to build the teaching building at Datian Primary School in Changting County, Longyan City, Fujian Province, the children there have been on our minds. For 12 consecutive years, we've supported education in the old revolutionary base areas through our "Retracing the Long March Route" campaign. In 2023, in collaboration with partner troops, we donated 180 sets of desks and chairs to Datian Primary School and sent comfort goods to families facing hardships. Additionally, we organized the Xiamen City Walk event with the theme of "Mountain-Sea Connection, Empowering Students", inviting teachers and students there to explore alongside Company's volunteers. Together, they experienced the cultural charm of Gulangyu Island, the verdant beauty of Dongping Hill, and the captivating allure of the Xiamen Science & Technology Museum.

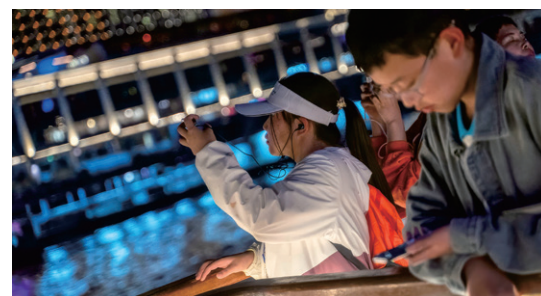


"Mountain-Sea Connection, Empowering Students" Xiamen City Walk activity

### Case

#### Lantu's charitable maritime field trip

On March 14, 2023, Xiamen International Cruise Homeport Group leveraged its resources and collaborated with the Lantu Foundation to fulfill the "ocean" dream of 50 junior high school students from Tongren City, Guizhou Province. The event introduced engaging and characteristic educational courses featuring marine culture, Maritime Silk Road culture, and port culture. The program helped forge a bond between the sea and mountains in the youth, broadening the horizons of their knowledge and mind.



Students participate in Lantu's charitable maritime field trip activity

## Characteristic charity

We remain committed to giving back to community with compassion and focus on long-term support for public welfare activities including helping vulnerable groups and providing community services. This dedication has led to the establishment of various brand-driven charitable initiatives. Additionally, we actively encourage our subsidiaries to leverage their strengths in engaging in volunteer work, promoting the volunteering spirit through concrete actions.

### Characteristic charitable events

We are dedicated to embedding compassion and philanthropy within our corporate ethos. Over the long term, we have organized various public welfare initiatives such as the XMXYG New Year's Concert, the voluntary blood donation event on Mother's Day with the theme "Chinese Blood, Cross-Strait Affection", the XMXYG Chinese chess carnival, and the caring for autistic children. Our unwavering commitment is to contribute to the building of "Loving Xiamen".

### Assimilation into overseas communities

As our overseas ventures steadily advance, we proactively forge bonds with local communities where we rely on and trust each other. We give back to communities where we serve by extending our reach into public welfare project such as infrastructure development and childcare. Our aim is to foster regional sustainability and promote shared prosperity.

### In 2023

**50+**

Charity-themed movie-watching activities conducted at the XMXYG Patriotic Cinema Room

The voluntary blood donation event on Mother's Day with the theme "Chinese Blood, Cross-Strait Affection"

had been organized for **9** consecutive years, with a total volume of **850,000** ml of blood collected



Staff members of XMXYG PT. OSS pay compassionate visit to the children of orphanage

In November 2023, staff members of XMXYG PT. OSS paid compassionate visit to the children of Al-Amin orphanage, providing essential supplies such as rice, cooking oil, eggs, and milk.

In 2023, XMXYG PT. OSS joined the local "beautiful village" initiative. They donated various supplies and fitness equipment to Tanggobu Village, with the total value of the fitness equipment reaching ¥ 102,800.

In December 2023, the Chen Xi Bridge, constructed by XMXYG PT. OSS, outside the Gate 2 of the park, was officially opened, greatly improving transportation for the surrounding villagers of Morosi Village.



### Honors

XMXYG won the "first Fujian Charity Award" for donation enterprise

XMXYG PT. OSS won the "2023 Outstanding Social Responsibility Enterprise" by the China Chamber of Commerce in Indonesia



# Supporting the Employees

China's 14th Five-Year Plan highlights that it is important to foster a culture that respects work, knowledge, talent, and creativity. To give full play to the role of talent, the most essential resource, we focus on creating a safe, healthy, and caring workplace that embrace diverse, equal, open, and inclusive principles. With dynamic mechanisms and abundant resources, we motivate employees to grow with the Corporation.

Contribution to SDGs





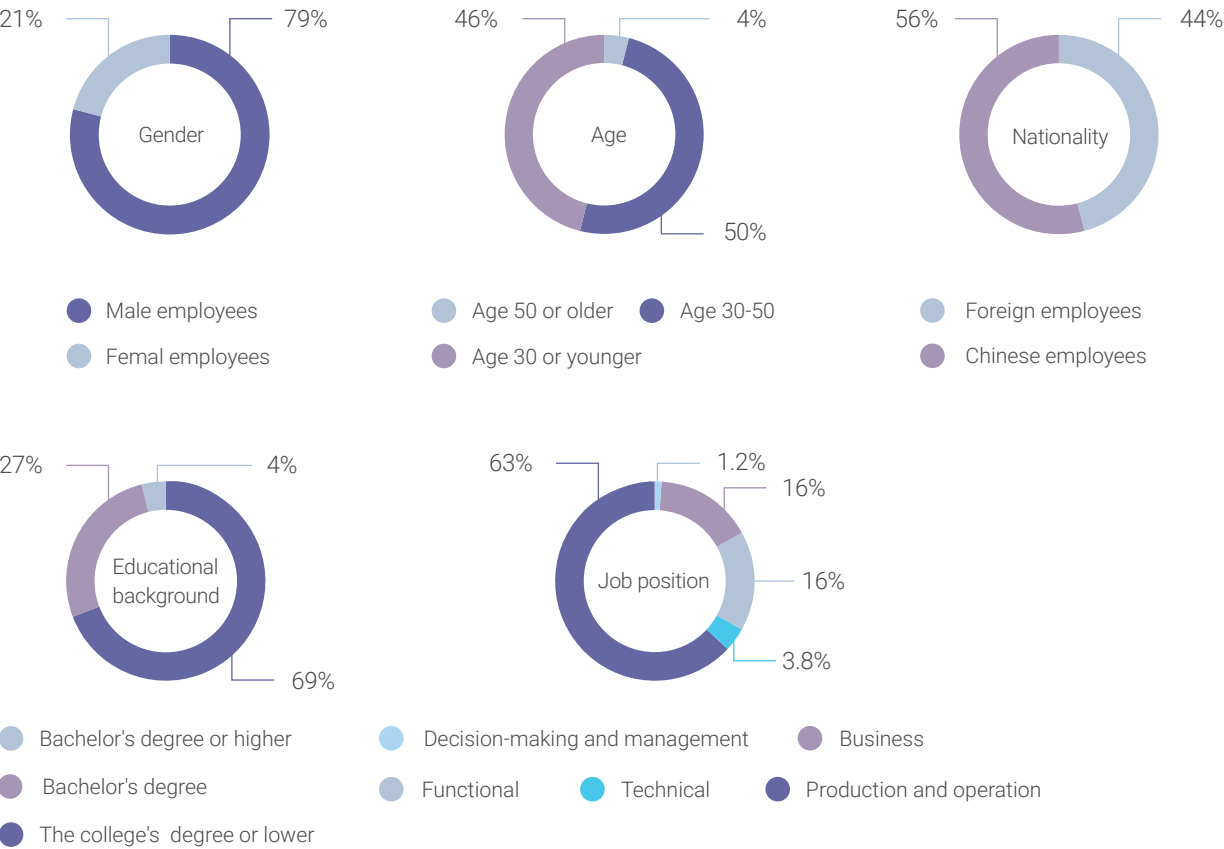
# Protecting Rights and Interests

## Guarantee employee rights

We strictly comply with the fundamental conventions of the International Labour Organization, the Ten Principles of the UN Global Compact, the *Labor Law of the People's Republic of China* as well as labor laws and regulations in the overseas countries where we operate. We oppose any conduct that disregards or violates human rights and proactively implement and promote higher standards of human and labor rights protection measures. In 2023, XMYG successfully passed the annual labor protection review in Xiamen, with no anomalies detected.

## Diversity and equality

We embrace the hiring principle of not selecting and employing people solely based on their educational background, experience, status, or identity. We also prohibit all forms of discrimination against race, gender, age, family background, religious beliefs, and other factors throughout the entire recruitment process. In 2023, we fully launched a digital recruitment system to facilitate the transparent online procedures and feedback, ensuring the fair operation of the whole recruitment process.





# Securing Health and Safety

In strict accordance with laws and regulations such as the *Law of the People's Republic of China on Work Safety*, we have made the safe development philosophy of “people first, life foremost” deeply entrenched in our corporate culture, and established a sound health, safety, and environment (HSE) management system based on the ISO 45001 framework. Under the leadership of the Work Safety Committee, we make sure that all safety management measures are taken effectively and that all employees work in a safe and healthy environment.

## Work safety

Upgrading the safety surveillance system

In 2023, we initiated the second phase of the "Safety Eye" surveillance system construction. 12 additional subsidiaries completed the identification and control measures for risk points and scenarios, and further optimized its module functions, achieving the 2.0 version upgrade.

Realizing safety management at all levels

In 2023, the China Association of Work Safety released the *Specifications for Grading of Safety Management Standardized Working Team—General Provisions* (T/CAWS 0007-2023). Taking this opportunity, we kicked off the development of teams with standardized safety management. Moreover, we formulated our *Safety Management Standardized Working Team Development Plan* with the addition of XMYG-specific “four musts” based on the General Provisions.

Innovating in safety training

In 2023, we set up a safety management training workshop and rolled out safety training courses on the XMYG Online Learning Platform. Additionally, for the first time, we developed the series courses “Safety Training for Expatriate Employees”. The courses cover personal safety management and emergency treatment in overseas high-risk areas, taking the first step in international safety education.



Safety knowledge training and emergency drills

### Case Smart helmets: protecting employees' safety with intelligent means

In September 2023, XMYG S.O.E. introduced the first batch of smart safety helmets. These helmets go beyond basic protection by offering features such as real-time positioning, on-site photography, inspection video recording, video calls, and remote monitoring. What's more, they can provide alerts for helmet removal, falls, proximity to electrical hazards, and SOS situations. By utilizing these smart helmets, XMYG S.O.E. enhances the IT-based and intelligent work safety management, improving the proactivity and accuracy of safety supervision, and ensuring the safety of employees.



Employees of XMYG S.O.E. wear smart safety helmets at work

## Occupational health

In accordance with the requirements of the *Law on the Prevention and Control of Occupational Disease* and the *Catalogue of Occupational Hazard Factors Classification*, we make continuous efforts to optimize the occupational health and safety management system, and safeguard employees' occupational health from multiple dimensions, such as hazard attention, emergency response, and daily support.



Prevention of occupational diseases

For subsidiaries that may involve occupational hazard factors, we have established an occupational disease management mechanism that runs through the entire production and operation process to ensure the safe progress of projects.



Emergency management

We regularly carry out a variety of health training sessions and emergency drills to bolster employees’ safety awareness and the Corporation’s emergency management capabilities. In 2023, the Automated External Defibrillators (AEDs) were fully deployed in the XMYG Mansion. Meanwhile, we set up a first aid team that had passed the first-aid training assessment of the American Heart Association (AHA), and opened up a 24/7 emergency hotline, so that we can respond promptly in emergencies and ensure timely rescue for patients.

Health support

To encourage employees to take care of and maintain their physical and mental health in their daily work and life, we offer a wealth of health management resources. Apart from free annual health check-ups for employees to help them better understand their health status, we launched the “XMYG Employee Assistance Program (EAP) Platform” in 2023, with professional psychological counselors offering one-on-one counseling services. We also conducted psychological assessments and interviews for senior executives.

In 2023

79  
Senior executives covered by EAP psychological assessments and interviews

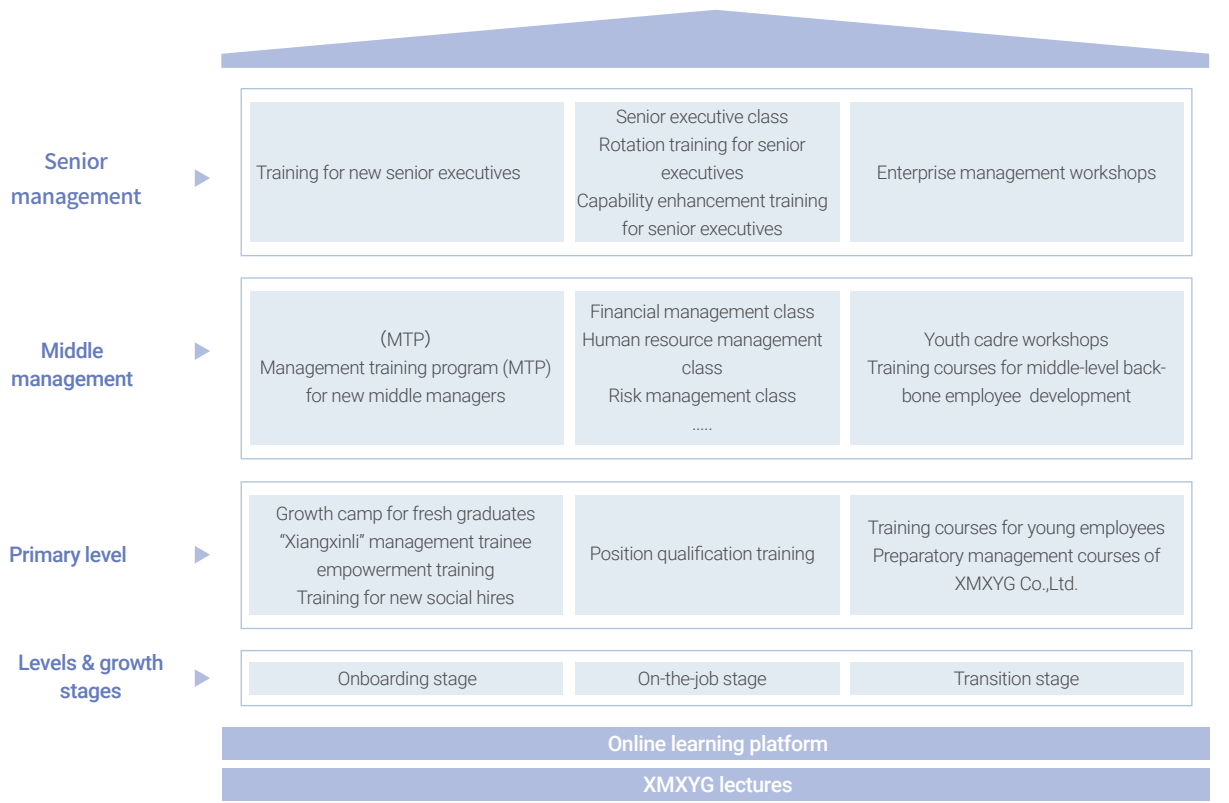
201  
People served at the psychological counseling appointment platform

Cultivating Diversified Talents

We keep empowering employee growth, and tailor training programs according to their development needs. By establishing a diverse career development system, and unblocking career development channel, we provide broad platforms for employees to realize their self-worth.

Training empowerment

In 2023, the XMYG Business School further improved its teaching system covering all employees and spanning their entire career. Through diversified teaching modes such as external visits, internal mobile classrooms, and XMYG Lectures, the XMYG Business School redefined the learning experience and expanded the platform for learning and exchanges. In addition, we prioritized the nurturing of XMYG’s featured lecturers in 2023. We also focused on the development of feature courses in human resources, legal practice, strategic development, corporate governance, etc., based on corporate operational needs. Meanwhile, we encouraged subsidiaries across different sectors to scientifically structure training models and programs based on actual business situations, boosting the multi-dimensional growth of employees.



In 2023

165  
Training sessions carried out by XMYG Business School

100%  
Coverage rate of employee training

70  
Internal trainers among senior executives of XMYG selected and appointed







The 6th youth cadre workshop in 2023



The 2nd rotation training session for senior executives in 2023



The 3rd youth cadre course for middle management – XMXYG S.O.E. mobile classroom in 2023



The advanced management workshop in 2023 – field visit to Fosun

Case
 Updating “XMXYG Online Learning Platform” to boost employee learning efficiency

In September 2023, “XMXYG Online Learning Platform” was updated. Compared to the previous version, the updated platform optimizes the user experience of training, courses, exams, and other functional modules, making it more convenient and user-friendly. It also adds new features such as training previews, live broadcasts, points rankings, and points malls, further optimizing the online learning experience and igniting employees’ learning enthusiasm. By the end of 2023, we had developed and launched 362 internal courses and introduced 30 external high-quality courses, enriching online learning resources.

Case
 “XMXYG Yin-Xiang Camp of OSS” empowers growth of overseas employees

In 2023, 59 Indonesian employees flew to Xiamen in two batches to attend the “XMXYG Yin-Xiang Camp of OSS”, a three-month program co-hosted by XMXYG and Huaqiao University. The program encompassed a range of courses about “Chinese for General Use + Chinese for Industry Use + Management Wisdom + Chinese Culture”, which were designed based on learning, working, and daily scenarios. The courses achieved an integration of learning and practice, input and output, as well as language and culture. The program not only gave them deeper insights into the integrated smelting of nickel and iron, but also elevated their Chinese proficiency and helped them learn more about Chinese culture and business management. By the end of 2023, we had trained over 250 Indonesian employees through online and offline teaching approaches.



Indonesian employees attend the “XMXYG Yin-Xiang Camp of OSS”

Unblocked career path

Following the employment principle of “introducing talents and cultivating employees” and the concept of “promoting competent personnel, removing the mediocre and dismissing incapable ones”, we have set up two career development paths of technical expertise and management so that employees can choose the suitable one based on their characteristic. Meanwhile, we actively promote internal selection and internal job rotation, providing more opportunities for employees to fully unleash their potential and talents. In 2023, we initiated the construction of the XMXYG cadre competency model, which was formally released in early 2024. With a series of standards tailored to the current needs of the Corporation, we aim to make talent cultivation and selection at all levels more scientific and fair.

In 2023

3,414

Employees participated in job rotation and exchanges

50

Employees entered the senior management team for the first time

1,102

Employees got promoted

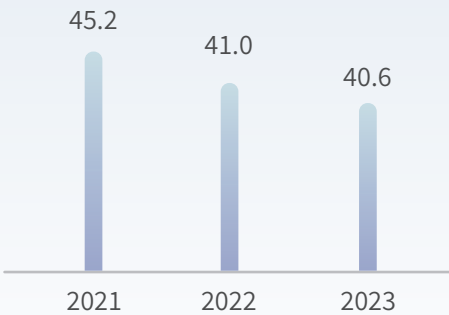
40.6

Average age of first-time appointed senior executives

63

Senior executives selected and appointed

Average age of first-time appointed





## Growth of young talents

For XMXYG, youth is the future. To ensure the availability of qualified successors, we continuously pay attention to and care for the youth, and strive to be a confidant, a sponsor, and a guide for the youth. In 2023, we ramped up empowerment and guidance. We streamlined the communication channel and built up a diverse talent pool, inspiring the young to take on responsibilities and make the best of their youth.



New hires of 2023 embark on their career journey, composing the "prelude of youth"



XMXYG youth volunteers visit the children of Datian Primary School



The Morning Sail Choir, composed of young employees, presents the original performance "XMXYG Symphony: Silk Road Spirit" to express the spirit of dream chasers

Read More
 Voices of XMXYG Youth

On China's Youth Day in 2023, we interviewed 54 young employees who joined XMXYG over the past one or two years. We listened to their voices, and talked with them about the XMXYG, the growth, and the future. Among all the answers, the word "dream" appeared 115 times, and the word "fighting" appeared 102 times. Below are some distinctive voices:

Q1: Please describe XMXYG in a single sentence.

Zhao Jialei from XMXYG S.O.E.: It's a place where the youth thrives and the dreams take flight.

Q2: What do you like most about XMXYG?

Guo Yang from XMXYG Yingxin: XMXYG offers opportunities for dedicated workers, platforms for doers, and chances for would-be achievers.

Q3: What are you fighting for?

Xie Yingqiang from XMXYG Biochemical: To pave the way for dreams and to earn more bread for my family.

Q4:What kind of people do you think the XMXYG youth should be?

Fan Yu from Beian factory of XMXYG Biochemical: I think the XMXYG youth should dare to dream, dare to act, and dare to stand out. Young hearts shouldn't fear to reach for the stars; with bravery, one can aim high and shoot for the heavens.

## Caring for Employees

Upholding the "family" culture, we are committed to building a warm and harmonious family for employees. We carry out a diverse range of cultural and sports activities, offer assistance and care to employees in need, and provide special care for female employees to continuously improve the well-being of employees.

### Diverse leisure life

In 2023, we carried out a variety of cultural and sports activities and improved software and hardware support that can create well-being for employees. We innovatively set up the "Chenchen Cinema" in the multipurpose hall of the headquarters, and established the "XMXYG Film Club". A total of 19 film viewing events were held throughout the year, with nearly a thousand audiences. Additionally, our staff bookroom was also upgraded in 2023, with a 300-square-meter physical bookroom newly built, and over 3,300 new books of 22 categories newly purchased. The number of books exceeded 6,500. Meanwhile, we launched the "XMXYG Cloud Bookroom" application, creating a place for employees to rejuvenate their spirit in all aspects.

In 2023

34,396

Employees served in employee activity center

25

Kinds of group gymnastics classes conducted

13,113

Individuals served for group gymnastics class

1.04 million

Diners served by employee canteen

100+

New dishes introduced in 2023



XMXYG three-person basketball game



XMXYG Staff Bookroom



XMXYG's folk cultural activities on the Mid-Autumn Festival and the National Day



Third birthday party of XMXYG mascot "Chenchen"



XMXYG's "Healthy Season" campaign



## Support for employees in need

We increasingly intensify our support for employees in difficulties, and focus on resolving their pressing concerns to convey love and warmth. In 2023, through the “Spring Rain Fund”, we continued to offer serious illness subsidies for employees. We also launched the “special family care” initiative to deliver warmth to employees in need.

As of the end of 2023

The Spring Rain Fund had provided assistance to **36** employees and their immediate family members suffering from major illnesses or accidents.

The total subsidy was ¥ **2.2716** million

representing a **168%** increase compared to 2022.

## Care for female employees

In accordance with the Law of the People’s Republic of China on the Protection of Rights and Interests of Women and other relevant laws and regulations, we have signed the Special Collective Contract for the Protection of Special Rights and Interests of Female Employees with all female employees. In 2023, we organized free cervical cancer and breast cancer screening, as well as gynecological examinations for female employees. We also organized health lectures, flower arrangements, mountain climbing, and other specialized activities for them to effectively protect their legal rights and special interests.



XMYG Lvsheng launches the “Awakening Spring with incense” campaign for female employees



XMYG Co., Ltd. organizes camping for female employees



XMYG Real Estate offers thoughtful gift packages to female employees on Women's Day



Xiamen International Cruise Homeport Group Female Staff National Style DIY Activity

## About This Report

This is the second Environmental, Social and Governance (ESG) Report (“this Report” for short ) released by XMYG CORP. ( referred to as “ XMYG ”, “the Corporation”, or “We”) ,with an aim to disclose the ESG performance of XMYG in 2023 to stakeholders.

### Reporting Scope

This Report focuses on disclosing the ESG related performance and information of XMYG CORP. and its subsidiaries within the consolidated scope during the period from January 1, 2023 to December 31, 2023. Some of the content in the report exceeds the aforementioned scope. Unless otherwise specified, the scope of this report is consistent with the 2023 annual report of XMYG CORP.

### Preparation Basis

This report is prepared in accordance with the *GRI Sustainability Reporting Standards (GRI Standards)* issued by the *Global Sustainability Standards Board (GSSB)*, the *Environmental, Social and Governance Reporting Guide and the Guidance on Climate Disclosures* issued by the Stock Exchange of Hong Kong Limited (SEHK), and the UN Sustainable Development Goals (SDGs). In addition, the report partially refers to the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* released by the Chinese Academy of Social Sciences, as well as the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*, and the *IFRS S2 Climate-related Disclosures* developed by the International Sustainability Standards Board (ISSB).

### Reporting Principles and Data Sources

The data and cases used in this report are all from statistical data, financial reports, and related documents of XMYG, as well as ESG related information summarized and reviewed by XMYG industry subsidiaries. The Corporation assures that the report is free of false records and misleading statements, and is responsible for the authenticity, accuracy, and completeness of its content. Unless otherwise specified, the monetary amounts in this report are measured in RMB.

### Report Access

This report is published in both Chinese and English versions. In case of any ambiguity or conflict, the Chinese version shall prevail. The digital version of the report can be viewed on and downloaded from the official website of the Corporation ([www.xiangyu-group.com](http://www.xiangyu-group.com)).



Appellations

For better expression and readability, "Stakeholders" are referred to as "You", while " XMXYG CORP. " is also referred to as " XMXYG ", "the Corporation ", or "We". The abbreviations of its subsidiaries in the report are as follows:

Full name	Abbreviation
Xiamen Xiangyu Co.,Ltd.	XMXYG Co., Ltd.
XMXYG Real Estate Group Co., Ltd.	XMXYG Real Estate
Xiamen XMXYG Jinxiang Holdings Group Co., Ltd.	XMXYG J.H.G.
Xiamen XMXYG Industry Development Group Co., Ltd.	XMXYG I. D. G.
Heilongjiang Jinxiang Biochemical Co., Ltd.	XMXYG Biochemical
Xiamen International Cruise Home Port Group Co., Ltd.	Xiamen International Cruise Homeport Group
Xiangdao Logistics Group Co., Ltd.	Xiangdao Logistics
Xiamen Xiangyu Superchain Supply Chain Development Co., Ltd.	XMXYG Superchain
Xiamen Xiangyu Aluwin Co., Ltd.	XMXYG Aluwin
Xiamen Xiangyu New Energy Co., Ltd.	XMXYG New Energy
Heilongjiang Xiangyu Agricultural Products Corporation	XMXYG A. G. R. I.
XMXYG PT. Obsidian Stainless Steel	XMXYG PT. OSS
Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd.	XMXYG S. O. E.
Xiamen Zhuoyu Supply Chain Management Co., Ltd.	Zhuoyu Supply Chain
Xiamen XMXYG Technology Co., Ltd.	XMXYG Technology
Xiamen XMXYG Venture Capital Management Co., Ltd.	XMXYG Venture Capital
Xiamen Research Institute of IoT	AmoyIoT
Xiamen Xiangyu Elink Multitrans Co.,Ltd.	XMXYG Elink
Hubei Chuxiang Supply China Group Co.,Ltd.	Hubei Chuxiang
Rizhao Xiangming Oils Co., LTd.	Xiangming Oils
Suihua Xiangyu Cereals and Oil Technologies Co., Ltd.	XMXYG Suihua Cereals and Oil
Xiamen Xiangyu Singamas Container Co., Ltd.	XMXYG Singamas
Tangshan Xiangyu Zhengfeng International Logistics Co., Ltd.	XMXYG Zhengfeng
Xiamen XMXYG Development Co., Ltd.	XMXYG Development

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