



2022

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

ESG



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(Unpublished data for free exchanges)

Messages from Chairman



New changes emerge with each passing year. The year 2022 was extraordinary, marked by ever increasingly grave and complex social and business environment in the whole world. The successful convening of the 20th National Congress of the Communist Party of China (CPC) sounded the clarion call for building China into a great modern socialist country in all respects. Faced with changes unseen in a century, XMXYG undertook its due responsibility. Adhering to the corporate mission of "Benefiting the World, Achieving Success Together", we joined hands with stakeholders to create a new chapter of times for high-quality development.

The year 2022 witnessed XMXYG's innovative changes for ESG initiatives, but our steadfast belief in national development and the future of the Corporation, our commitment to customer value and partners' interests, and our dedication to the sustainable social and environmental development remain unwavering. We formulated five ESG principles and a scientific governance system, integrating the ESG philosophy into the entire process of corporate production and operation. Driven by new responsibilities and missions, we strove for making new achievement in sustainable development, to facilitate Chinese modernization.

We think in big-picture terms and prioritize environmental protection. In September 2020, China announced that it will achieve carbon neutrality by 2060. This commitment calls for concerted efforts from all walks of life. Actively embracing the green economy, we contribute the "XMXYG Solution" with green supply chain and low-carbon industrial chain to boost the "dual circulation" development pattern, as well as lead the green development in logistics industry by innovating multi-mode transportation logistics with the logistics network and intelligent system. What's more, we have facilitated the green and low-carbon transition of traditional industries. With the R&D of the world's first environmentally friendly valine product, and proactive development in such green industries as photovoltaic and lithium energy, we have stimulated new momentum for green development. We advocate green culture, and collaborate with employees and the public to build a green home, injecting vibrant vitality into the Beautiful China Initiative.

Bearing in mind the country's most fundamental interests, we improve the social well-being. If we respect and treasure other's culture and values, the world will be a harmonious one. In the new era, we have been more related to the significance of a community with a shared future for humanity. We insist on keeping in pace with China's development, proactively integrate into the national trends of strategic and regional economic development, and undertake our role as a practitioner and contributor to national security, the Belt and Road development, coordinated development, and rural revitalization. In 2022, our "circle

of friends" continued to expand. While accelerating our internationalization efforts, we have firmly promoted the revitalization of the Northeast region in China in ninth year, actively advanced cross-strait integration and development, and co-built the new pattern of Yangtze River Economic Belt in Hubei, consistently sharing the fruits of development with society and creating a high-quality life that is materially abundant and spiritually rich for the people. We also attach great importance to the growth of employees. With the new employer brand "Hearts Encounter, Achievements in Action", we provide a more diverse and broader platform for employees' career development, assisting them in realizing their personal values.

We uphold the perspective of long-term development to invigorate corporate governance. "To ensure something is straight, one needs to rely on a marking line; to draw a perfect circle, one needs to use a compass." As a modern state-owned enterprise, we firmly leverage the unique advantages of "SOE governance". We have strengthened Party leadership in all respects, deepened the SOE reform, and remained committed to the path of market-oriented development, thereby building a more mature modern SOE system with Chinese characteristics. Upholding the risk-first philosophy in business operation, we adhere to business ethics and integrity, creating a sound ecosystem featuring honesty and integrity and ensuring the stable and far-reaching development of the Corporation. We integrate innovation into all aspects of business operations. Inputting RMB 180 million in digitalization, and building on the digital and intelligent transformation, we have opened up efficient paths for operation and led the governance reform. As an ancient Chinese saying goes, "A partnership forged with the right approach defies geographical distance. We inject new vitality and momentum into the upstream and downstream of the industry chain, and create new values and expand new spaces for the industry's development and upgrading.

Standing steadfast against adversities, we shoulder our responsibilities. The year 2023 marks the beginning of comprehensively implementing the guiding principles of the 20th CPC National Congress. In the face of new opportunities and challenges, ESG serves as the key to charting our course in the new era. While focusing on the long-term development, staying open, and remaining determined, XMXYG will gather strength and efforts in concert with stakeholders to embark on a journey towards a green, win-win, and sustainable future.

Zhang Shuili

Party Secretary and Chairman of XMXYG

ABOUT XMXYG

Our Company

XMXYG Corporation is a state-owned business group under Xiamen Municipal Government, 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

160th

Among Fortune Global 500 in 2022

125th

Among China's 500 Most Valuable Brands in 2022

52nd

Among China's Top 500 Enterprises in 2022

30th

Among China's Top 500 Enterprises Of Service Industry in 2022

First Prize of China Enterprise Advanced Management Innovation

First Prize of China Enterprise Culture Outstanding Achievements

Top 100 **Excellent Brand Stories** of State-Owned Enterprises in 2021

Excellent Grades of Local "Double Hundred" Enterprise in SOE Reform in 2021

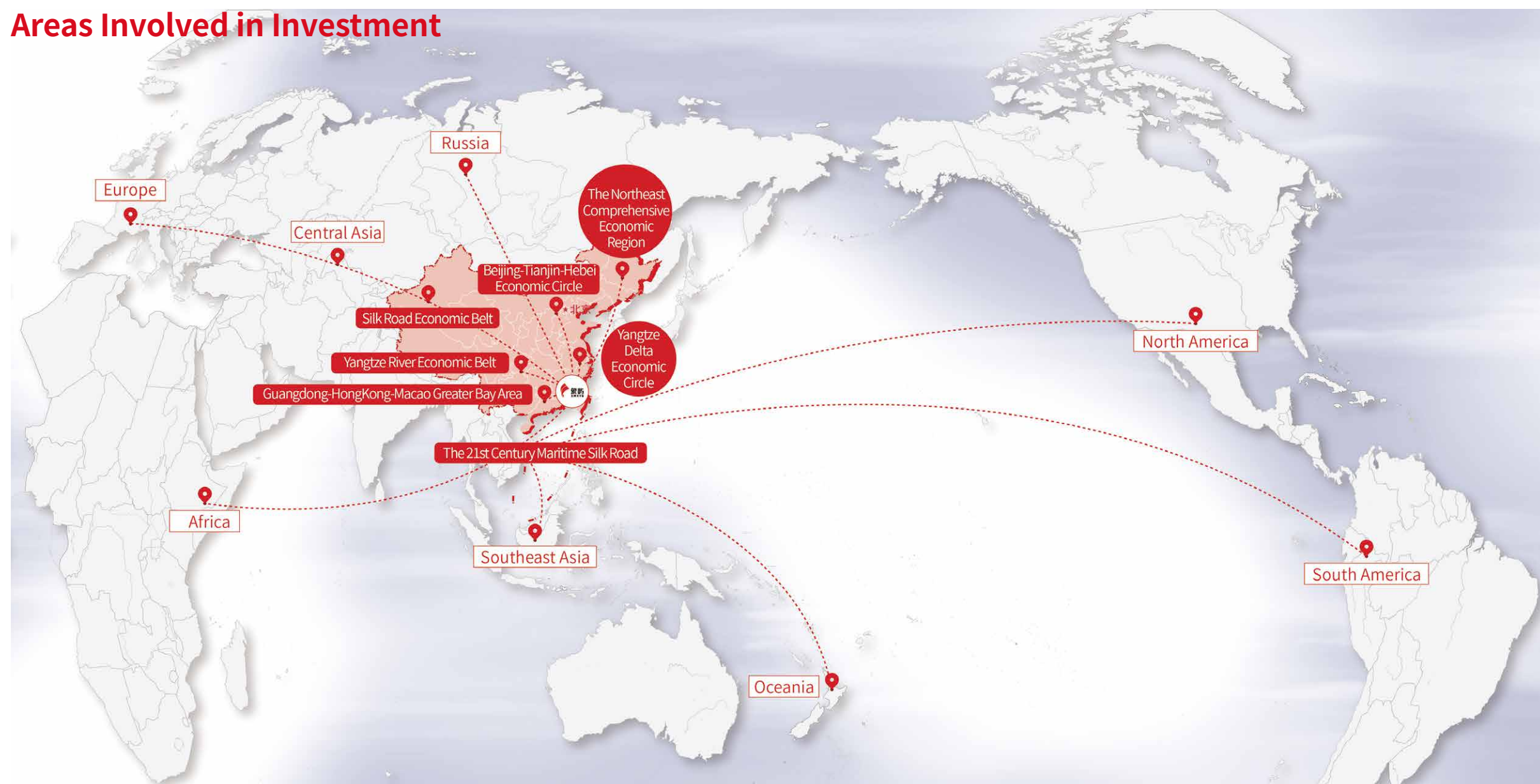
Excellent Cases of Chinese Enterprise Global Image Building

AAA Credit Rating Enterprise Awarded by CCXI

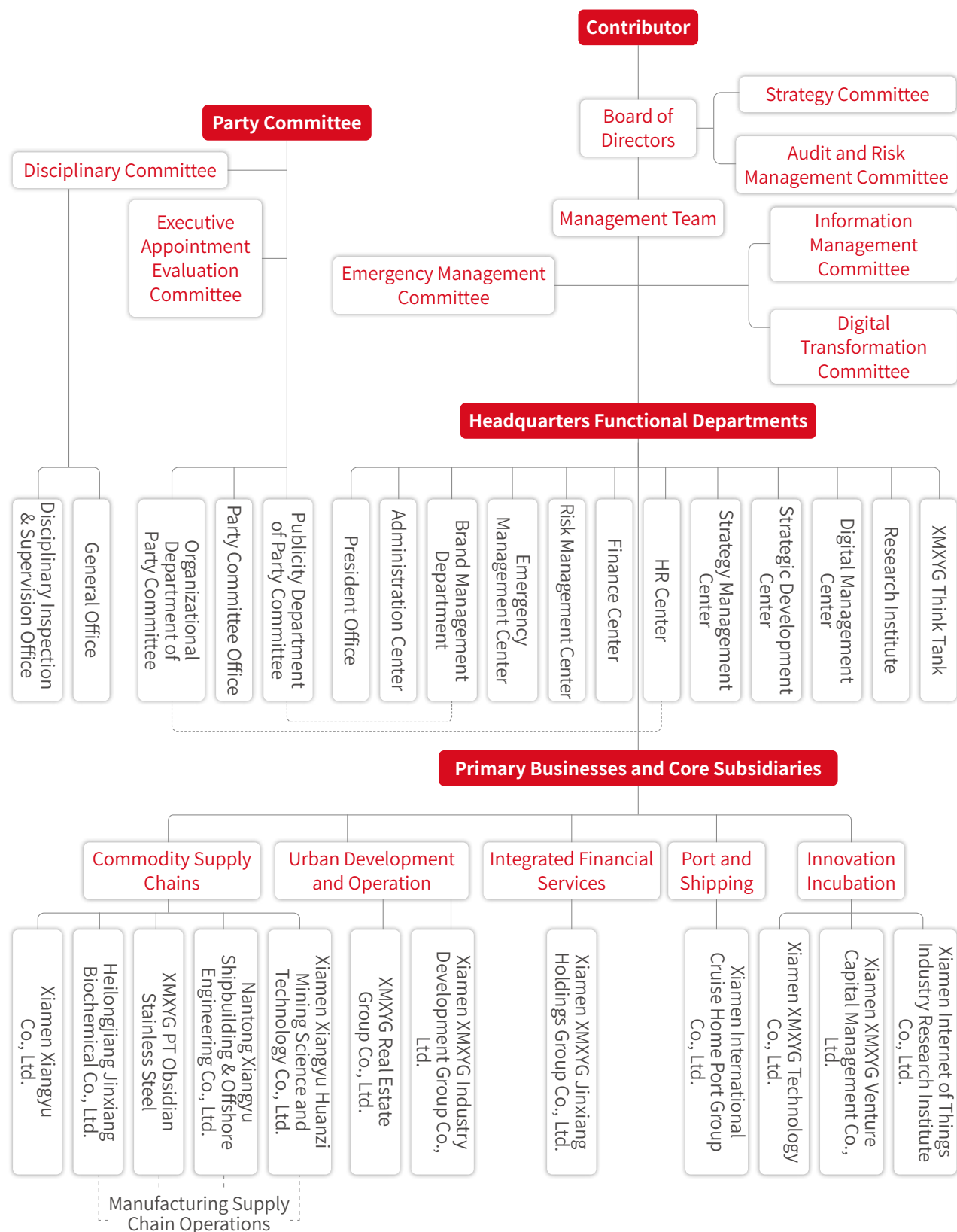
United Rating **AAA**

China's Foreign Trade Credit **AAA** Enterprise

Areas Involved in Investment



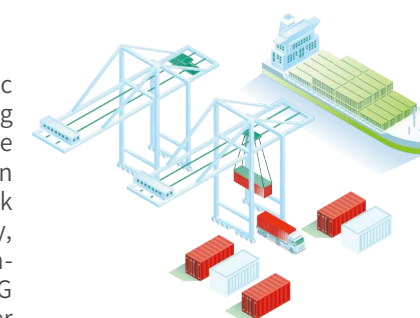
Organizational Structure



Industrial Distribution

Commodity Supply Chains

We are committed to serving national strategies and regional economic development, and hold fast to the business purpose of "maintaining foothold in supply chains, serving industry chains and creating value chains". Relying on six core competencies, namely "digital supply chain service capability, network logistics service capability, systemic risk control capability, global channel and resource integration capability, multi-dimensional industry research capability, and professional on-site promotion service capability", we have gradually built the "XMXYG Integrated Digital Supply Chain Service Platform". Based on a vast number of business scenarios and accumulated service cases and experience data spanning multiple operating cycles, our supply chain services enable us to better understand customer needs and efficiently provide personalized supply chain solutions that cover the entire industry chain and value chain for customers. What's more, focusing on supply chain business development and guided by national industry policies, we seek to enhance our whole-supply-chain management and service capacity and to deepen strategic cooperation with industry chains. To this end, we have invested in an Indonesian integrated stainless-steel smelting project, as well as in corn deep-processing, shipbuilding, development and utilization of mineral resources, and other manufacturing enterprises.



Honors of XMXYG Subsidiaries

| XMXYG Co., Ltd. | | | |
|---|---|--|--|
| 1,437th Ranked in Forbes Global 2000 List 2022 | 28th Ranked in 2022 Fortune China 500 List | 2nd Ranked in Top 50 Logistics Companies in China in 2022 | |
| 5A Supply Chain Service Enterprise | National Supply Chain Innovation and Application Demonstration Enterprise | 2022 GoldenBee ESG Competitiveness-Responsible Sourcing Award | Outstanding Logistics Enterprises in China in 2022 |
| Innovative Logistics Demonstration Enterprise in China in 2022 | XMXYG Zhiyun was rated as a 4A Online Freight Transport Platform | | Liangshan XMXYG was listed in the Fifth Batch of Digital Warehouse Pilot Enterprises in China |
| Xiangdao Logistics was rated as a 5A National Comprehensive Logistics Service Enterprise | Xuzhou XMXYG was listed in the Top 50 Advanced Logistics Enterprises in Iron Ore Supply Chain in China in 2022 | | |
| XMXYG Resources was awarded Excellent Supply Chain Enterprise for Nickel-Chromium Stainless Steel in China, High-performing Chromium Supplier in China, High-performing Chromium Procurement Unit and High-performing Storage and Logistics Service Provider for Nickel-Chromium Stainless Steel in 2022 | | | XMXYG A. G. R. I. was included in the Second Batch of National Grain Emergency Supply Enterprise List |

Honors of XMXYG Subsidiaries

XMXYG Biochemical

A leading enterprise in grain processing sector in Heilongjiang Province

No.2 among Top 10 Corn Deep Processing Enterprises in Heilongjiang Province

National Green Factory Certification

Beian factory of XMXYG Biochemical was rated as **National Green Supply Chain Management Enterprise Certification** and **Model Enterprise for Quality in Heilongjiang Province**

The second shift of the starch production department of Fujin factory of XMXYG Biochemical was awarded the **National Worker Pioneers**

Suihua factory of XMXYG Biochemical was rated as a **Provincial-level Technological Innovation Demonstration Enterprise**

XMXYG PT. OSS

The Highest Employee Tax Payment by Enterprises in Kendari 2022

Stainless Steel Billets Production and Sales **Quality Management System Certification**

Certified by 2022 Indonesia National Occupational Health and Safety **K3 Standard**

XMXYG S. O. E.

A general shipbuilding enterprise (**First Grade Class I Steel**)

Jiangsu Provincial Technology Center and Engineering Research Center

XMXYG Huanzi Mining

A national new- and high-tech enterprise

2022 **China High Quality Iron Powder Supplier**

Business Highlights in 2022

- XMXYG co-founded Hubei Chuxiang Supply China Group Co.,Ltd. with several Hubei's state-owned enterprises and subsidiaries of central state-owned enterprises.
- XMXYG Co., Ltd. unveiled the "YuLianTong" digital supply chain service platform to help MSMEs overcome the financing challenge and support the development of the real economy.
- XMXYG Co., Ltd.'s China-Europe freight train made its debut at Nanchang International Land Port, reducing the travel time to two or three days.
- XMXYG PT Obsidian Stainless Steel and PT Yuxin Shipping Line were established to provide integrated logistics solutions for Indonesia's domestic trade and international bulk cargo shipping.
- XMXYG's subsidiaries attended the 5th China International Import Expo, and reached cooperation with global industry giants such as Rio Tinto Group and ADM on upgrading international trade.

Business Highlights in 2022

- The cases of XMXYG Co., Ltd. was selected in the Ministry of Commerce's "Collection of National Supply Chain Innovation and Application Demonstration Cases", China Federation of Logistics and Purchasing's "Collection of Digital Transformation Cases in Logistics Industry", "2022 Industry Chain and Supply Chain Digital Innovation Cases" and "2022 Excellent Cases of China Logistics and Supply Chain Financial Services".
- The *Basic Requirements for Digital Warehouses (WB/T 1118-2022)* and the *Digital Warehouse Evaluation Standard (WB/T 1119-2022)*, two recommended logistics industry standards compiled by XMXYG Co., Ltd., are enforced.
- XMXYG Biochemical developed the world's first environmentally friendly valine product.

Urban Development and Operation

This business segment started with the successful development and construction of Xiangyu Bonded Zone. After more than 20 years of development, XMXYG's scope of business has expanded to include commercial real estate, office buildings, housing, eldercare, long-term rental apartments, and cultural and business tourism. It plays an important part in the urban construction, urban renewal, land-plot development, and industrial platform construction in Xiamen and other cities. XMXYG exemplifies the pivotal role of State-owned enterprises in regional socio-economic development.



Honors of XMXYG Subsidiaries

XMXYG Real Estate

No. **99** among Top 100 Comprehensive Real Estate Enterprises

XMXYG Mansion was granted the LEED **Gold Award** by U.S. Green Building Council

The Poetry project in Shanghai was the **Gold Winner** of London Design Awards 2022

The Grand Mansion project in Fuzhou, Fujian province was the **Silver Winner** for Exhibition of London Design Awards

The Dazzle Space project in Chongqing won the **2022 REARD Global Design Award** and the **Gold Award of 2022 GRAND PRIX DU DEISN**

The Grand Mansion project in Lin'gang, Shanghai won the **Golden Award of 2022 MUSE Design Awards** and the **Singapore Interior Design Awards 2022**

XMXYG Commercial Development's YUGUO Apartments were rated by China Residence Information Circle as the **2022 TOP 30 Opening Scale of Leasing Enterprises, 2022 TOP 23 Operation Scale in Leasing Industry in Shanghai** and **2022 TOP 15 Brand Rating of Leasing Brands in Shanghai**

Honors of XMXYG Subsidiaries

XMXYG I. D. G.

The Mountain with Delight Inn on the Dongping Hill in Xiamen won the **2021-2022 Best B&B Hotel for Rural Revitalization**

The Dongping Hill in Xiamen won **the title of Two-star Zero-carbon Scenic Area**

Business Highlights in 2022

- XMXYG Mansion, the new headquarters, was opened.
- The Xiamen Maritime World was opened to public.
- The north area of XMXYG Smart Supply Chain Industrial Park started operation.

Integrated Financial Services

Charged with the responsibility of "promoting industry growth, invigorating assets and supporting life dreams", we are striving to build a "XMXYG financial ecological circle". We are committed to providing customers with convenient, efficient and high-quality financial services and achieving win-win cooperation with all stakeholders. To this end, we will develop financial business platforms by consolidating internal and external industry resources and financial resources.



Honors of XMXYG Subsidiaries

XMXYG J. H. G.

XMXYG Factoring won **the title of Outstanding Contributor in the 4th International Factoring and Supply Chain Finance Conference**

Business Highlights in 2022

- XMXYG J. H. G. and SY Holdings Group Limited co-founded Xiamen Xiangsheng Commercial Factoring Co., Ltd., which provides diversified digital financial solutions for MSMEs.

Port and Shipping

This business section has witnessed the century-long evolution of Xiamen city which established by the port and thrived with the port. Based on Xiamen's position as an international gateway hub and a strategic fulcrum for maritime cooperation, XMXYG has been actively exploring the pilot reform of free port, deepening exchanges and cooperation with Taiwan, and striving to increase the city's influence. By taking advantage of its maritime transport industry, we are heading towards the ocean for seeking coordinated development between the ports and the city, as well as a synergistic relationship between mountainous and coastal areas. XMXYG is going to compose a brilliant chapter in the process of Xiamen becoming a high-quality, attractive, modernized, and internationalized central city and preceding in fundamentally building a model city of a great modern socialist country.

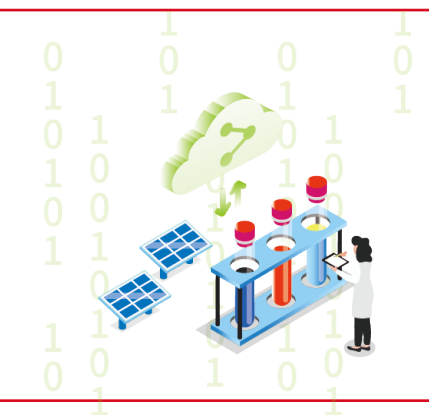


Business Highlights in 2022

- Xiamen International Cruise Homeport Group, after restructuring, has gone into full operation. XMXYG expands its investment portfolio to include the port and shipping sector.
- China's first high-end cruise ship "Zhao Shang Yi Dun" docked at Xiamen International Cruise Homeport for the first time, marking the opening of Xiamen International Cruise Homeport's first domestic coastal cruise route.
- Xiamen International Cruise Homeport Group connected Xiamen with Taiwan more closely by developing a new Xiamen-Jinmen route and building Cainiao export warehouses.

Innovation Incubation

We invest in and foster emerging industries and industry plus internet, and build platforms for business model innovation and mechanism innovation. We promote the transformation from independent investment to strategic investment, consolidate and coordinate resources, and build up future value-added points.

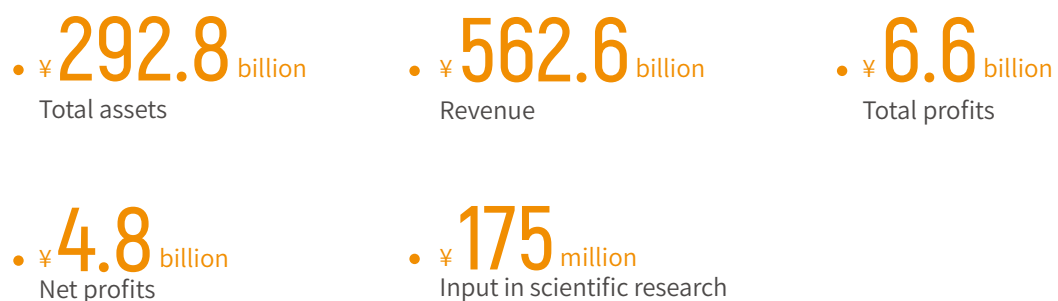


Business Highlights in 2022

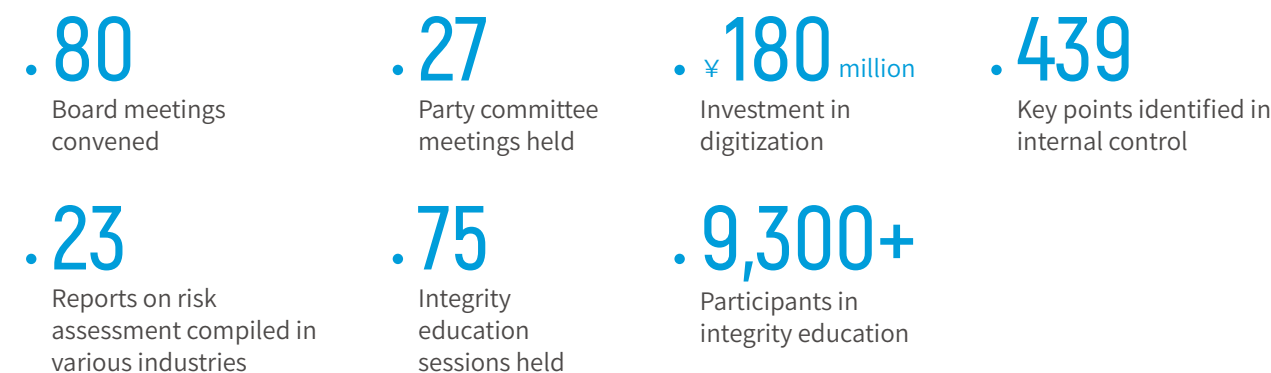
- Xiamen's Second-Level Node of Identification and Resolution System for the Industrial Internet, undertaken by Research Institute of IoT, became fully operational, facilitating the digital transformation of industrial enterprises.

2022 DATA

Economic Performance



Governance Performance



Environmental Performance



Social Performance



ESG GOVERNANCE

ESG Principles

Committed to the corporate mission of "benefiting the world and achieving success together", we have established five ESG principles. Through industrial chains and value chains, XMXYG connects customers, partners, employees and shareholders to environment and society, building a symbiotic and win-win value ecosystem. With philosophy support, we aim to deliver sustainable corporate values by improving business management, addressing climate change, boosting industrial revolution, promoting social and economic development and contributing to better well-being.

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.

Management strategy

- Uphold Party leadership and enhance cohesion by corporate culture.
- Manage the Corporation according to law and strengthen risk control.
- Reform corporate governance by digital transformation.
- Foster an orderly business environment by adhering to business ethics.

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.

Management strategy

- Improve environmental management system, and strive for notable progress in ecological conservation.
- Integrate the environmental idea into every aspect of our business including procurement, design and distribution, accelerate green transition, support emerging industries and provide green products and services.
- Conduct green operations, and contribute to major issues related to energy, water resources, waste management and atmospheric pollution control.
- Advocate low-carbon lifestyle, and foster a culture of environmental protection for all stakeholders.

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.

Management strategy

- Base on supply chains, serve industry chains and create value chains, leverage XMXYG platforms to expand business network, boost digital and intelligent transformation and lead industrial innovation and upgrading.
- Follow a customer-oriented approach and continuously improve product and service quality.
- Enhance business exchanges, increase the depth and breadth of collaboration, and innovate in cooperation philosophy; share values with stakeholders to achieve win-win results and sustainable development.

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.

Management strategy

- Actively respond to national strategies to improve livelihood and advance the Chinese path to modernization.
- Accelerate internationalization, and contribute to building a community with a shared future for humankind
- Vitalize urban and regional development, and advance rural revitalization with multiple approaches.
- Keep in touch with local communities, and dedicate to social charity and public welfare.

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 first-class platform for future development, and work to build a healthy, harmonious and pleasant working environment, so that they can fulfill their own values.

Management strategy

- Respect human rights, foster open and inclusive environment, and protect employees' basic rights and interests.
- Attach importance to occupational health, and eliminate risks to workplace health.
- Offer competitive compensations, benefits and development channels to every employee.
- Care for employees, and advocate the balance between work and life.

Organizational Development


XMXYG has established an ESG governance system led by the Party Committee to direct, deliberate, approve and supervise ESG work, in accordance with the arrangement of "headquarters + industry companies/individual companies + subsidiaries".

In the meantime, the Corporation has developed an ESG network where the Brand Management Department and Finance Center coordinate the ESG work, other functional departments manage, and all involved companies and their subsidiaries implement. The network facilitates rapid ESG policy communication, layer-by-layer decomposition of strategic objectives and regular communication and evaluation mechanisms to guarantee down-to-earth ESG practices.





Management System

We are keenly aware that building an ESG management system is necessary and indispensable for the long run. Thus we leave no stone unturned to consolidate the ESG related regulations, supervision, assessment and information disclosure mechanisms beforehand. We also encourage our subsidiaries to establish company-specific ESG governance systems, so as to raise the ESG management standard across the board.

Improving ESG governance system  The institutional development is our crucial approach to optimize ESG governance. We continuously revise our ESG rules through regular reviews and revisions, in a bid to effectively manage our ESG work.

| Areas | Number of XMXYG's ESG related rules | Number of core subsidiaries' ESG related rules |
|-------------------|-------------------------------------|--|
| Environmental (E) | 17 | 40 |
| Social (S) | 47 | 490 |
| Governance (G) | 120 | 466 |

Building information disclosure system  We have developed a unique "2+N+X" ESG performance disclosure system, striving for more active and wider disclosure of ESG information. The "2+N+X" refers to 1 annual ESG report plus 1 annual CSR report, N kinds of subsidiaries or ESG information of projects, and X ESG performance cases.

Incorporating ESG in performance assessment  We require our subsidiaries to develop company-specific KPI relating to ESG, such as the KPI for occupational health and safety and environmental protection, to involve the ESG performance in the annual performance assessment of subsidiaries and the senior executives.

Capacity Building

We integrate ESG philosophy into every aspect of our business and daily work. By organizing ESG training, award selection, and relevant research, we endeavor to consolidate our ESG capacity building and improve the performance of our ESG team.

We regularly invite professional third parties to carry out annual special training on ESG work to improve our staff's ESG expertise. During the preparation of the Report, we invited a professional agency to share the latest ESG trends and practices with all functional departments of the headquarters and representatives of subsidiaries.

We conduct ESG researches regularly. For instance, our research institute led the research on the risks and opportunities of carbon neutrality and extreme weathers and that on the carbon market. In the meantime, we investigated the ESG practices and the information disclosure of some large-scaled SOEs, multifaceted investment holding enterprises, comprehensive trading companies and first-class private enterprises.



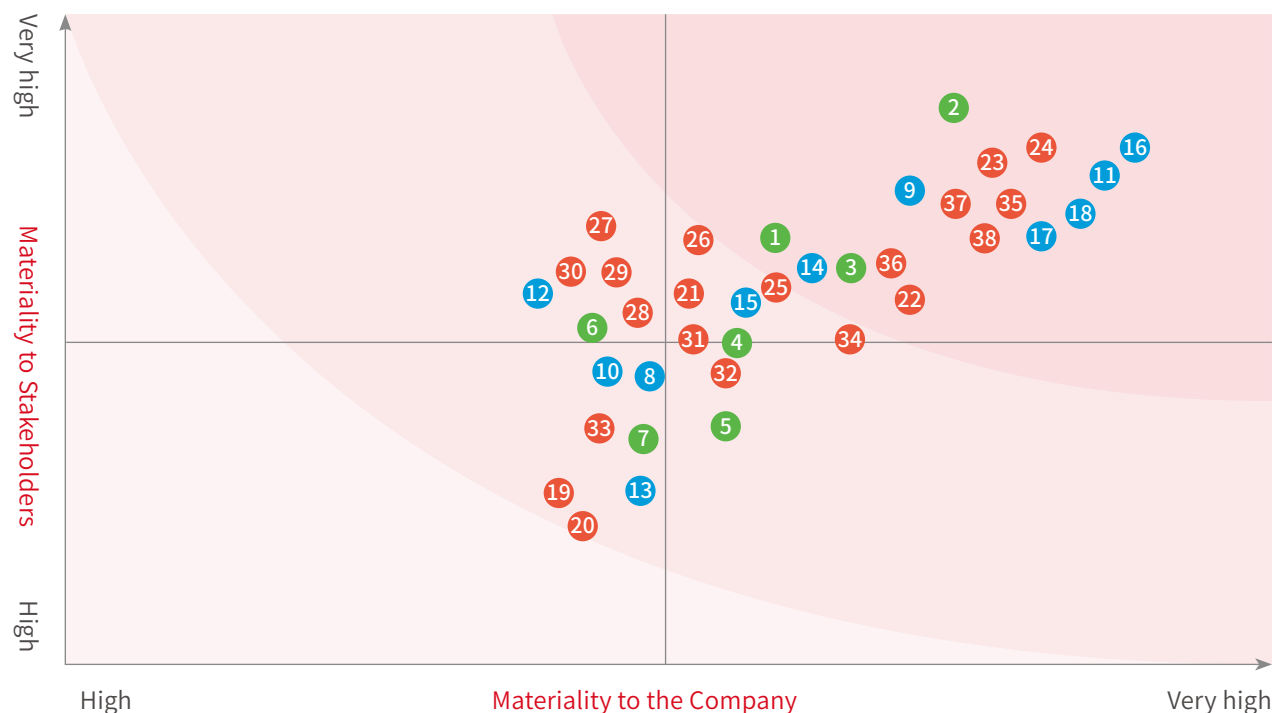
Each year we collect ESG performance cases of subsidiaries, select and demonstrate outstanding ones in our annual report, and submit the cases for external awards. During the reporting period, XMXYG won the 2022 GoldenBee ESG Competitiveness-Responsible Sourcing Award, and was selected as an Excellent Case of Chinese Enterprise Global Image Building in 2022. The Corporation's ESG influence has thereby enhanced to a large extent.

XMXYG ESG Focus

Developing an ESG system has become a necessary step to fuel global sustainable social and economic development, and an important approach to enhancing a country's competitiveness and say in international affairs. We pay closely attention to ESG trends at home and abroad and continuously update our ESG work accordingly. On one hand, we integrate ourselves in the global ESG framework, and work to fulfill the requirements of world-class ESG assessment systems, such as those built by Global Reporting Initiative (GRI), International Sustainability Standards Board (ISSB) and Task Force on Climate-related Financial Disclosures (TCFD) after conducting in-depth research on the systems. On the other, bearing in mind the country's most fundamental interests, we keep in line with national strategies, and strive to develop an ESG system with Chinese characteristics, demonstrating to the world China's ESG stories with XMXYG ESG practices.

Materiality Analysis

We regularly conduct materiality assessment and analysis to understand the latest focus of stakeholders, effectively manage and report on issues that have a significant impact on both the Corporation and stakeholders. During the reporting period, we identified 38 ESG topics related to the Corporation based on the materiality analysis process of the *GRI Standards*, and also sent questionnaires to internal and external stakeholders. Based on the results of the questionnaire survey and internal interviews, material topics are analyzed and prioritized according to their importance to the Corporation's business development and its importance to stakeholders and then to form a materiality matrix. In this report, key responses and explanations are provided for the material ESG topics.



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

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 Regulatory Bodies | <ul style="list-style-type: none"> Observing law and keeping compliance operations Taxation and job creation Serving regional development and national strategies | <ul style="list-style-type: none"> Daily reporting and communication Onsite visits Responding to government and policy's call Participation in government projects Accepting supervision and assessment |
| Shareholders | <ul style="list-style-type: none"> Preservation and appreciation of state-owned assets Protecting shareholder interests Information disclosure and transparency Reducing business risks | <ul style="list-style-type: none"> Statutory information disclosure Shareholders' Meeting Results presentation meeting Websites, hotlines, visits, roadshows, etc. |
| Employees | <ul style="list-style-type: none"> Compensation, benefits and rights protection Occupational health and safety Training and development Smooth communication channels | <ul style="list-style-type: none"> Internal OA system and communication platforms Workers' Congress Employee satisfaction survey Employee training and activities Employee Seminar Trade union organizations |
| Customers | <ul style="list-style-type: none"> Product and service quality Digital transformation Technological innovation Protecting customer information security | <ul style="list-style-type: none"> Information disclosure Exhibition activities Customer satisfaction survey Customer seminars and visits Customer feedback and complaint channels |
| Partners | <ul style="list-style-type: none"> Integrity management Strengthening win-win cooperation Responsible supply chain Promoting industry development | <ul style="list-style-type: none"> Exhibition activities Open procurement information Exchange and inspection Building a cooperation platform |
| Environment | <ul style="list-style-type: none"> Addressing climate change Enhancing environmental management capabilities Low-carbon transformation and green operation Advocate for green life | <ul style="list-style-type: none"> Environmental risk assessment of projects Promoting the development of green industries Environmental information disclosure Environmental charity and publicity |
| Communities and the Public | <ul style="list-style-type: none"> Rural revitalization Community development Charity and voluntary service | <ul style="list-style-type: none"> Charitable donation Voluntary activities Community communication and interaction |

Spotlight

Party Leadership Drives High-quality Corporate Development

The 20th National Congress of the Communist Party of China (CPC) in 2022 has drawn an inspiring blueprint for advancing the great rejuvenation of the Chinese nation on all fronts through the Chinese path to modernization. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 20th CPC National Congress, we gathered a strong force across the board to promote the integration of Party building with our production and operation, and drive high-quality corporate development with strong Party leadership.

Further Studying, Publicizing and Implementing the Guiding Principles of the 20th CPC National Congress

Studying, publicizing and implementing the guiding principles of 20th CPC National Congress was the foundation for our work in 2022. To deepen understanding, we organized learning sessions and publicity activities, and conducted in-depth lectures across the board to strengthen ideological leadership.



Watching the opening ceremony of the 20th CPC National Congress live

The "prelude" of solidarity

XMXYG's Party Committee rallied secondary Party Committee members, primary-level Party organization members and secretaries of Party branches in the headquarters to watch the opening ceremony of the 20th CPC National Congress live.

The "march" of learning

The Party Committee convened an enlarged meeting to make plans to study, publicize and implement the guiding principles. Leaders of XMXYG set an example for the principles-studying campaign.

The "symphony" of implementation

The Corporation held the 2022 Talent Work Conference to explain the meaning of "It is of critical importance to the Party's future that we have qualified successors to carry forward our cause" delivered on the 20th CPC National Congress, building momentum in talent cultivation.

The "sonata" of communication

We carried out youth exchanges on learning the guiding principles of 20th CPC National Congress, "Our Song" movie-watching activity, and the Party Building Theory Lecture.



"Our Song" movie-watching activity



The Party Building Theory Lecture

Integrating Party Building with Production and Operation

The Party Committee of XMXYG is committed to "Two consistency" which means "upholding the Party leadership over state-owned enterprises, and upholding the modern corporate system in SOE reform". As a result, we have developed "Five Combinations" of Party building. With Party leadership at core, we further integrate Party building with the corporate operation, and leverage the momentum of Party building to fuel corporate development.

Combining overall Party leadership with corporate governance.

Combining the Party's organizational construction with corporate quality improvement and efficiency enhancement.



"Five Combinations" of Party Building

Combining the Party's efforts to improve conduct and built integrity with corporate risk control.

Combining the Party's supervision of cadres with market-based allocation of human resources.

Combining the Party's work with the people with corporate culture construction.

327 Subsidiaries integrate Party building into the Articles of Association

27 Party Committee meetings convened, with **30** items on "major issues, important appointments and removals, major projects and the use of large amounts of money" reviewed and approved

14 collective learning sessions

44 Party building meetings Organized by XMXYG Party Committee Theoretical Learning Center Group

44 participants in discussion

260 micro Party lectures posted

By the end of 2022, the XMXYG headquarters and subsidiaries had

2,060 Party members

87 officials obtained Party membership in 2022 and among them

64 were senior officials or at key positions

In 2022, XMXYG completed

43 upper-lower rotations

13 cross-sector rotations

73 upper-lower rotations within the industry and over

1,000 rotations across the board in total

Combining overall Party leadership with corporate governance

The Party Committee's role in deliberating major operation and management issues has been strengthened. Meanwhile, we have integrated the requirements for Party building into the Articles of Association of subsidiaries, and incorporated Party building work and business operations into the primary responsibility list, creating synergy for Party building and our business. In 2022, we emended the *List of Major Operation and Management Issues Deliberated by XMXYG CORP. Party Committee* and the *List of Party Building Issues Deliberated by XMXYG CORP. Party Committee*, in a bid to further clarify and implement the powers, responsibilities and work patterns of Party organizations in corporate governance.

We have also innovatively launched XMXYG lectures, such as "Three Classes", "Weekly One-hour Morning Reading", "Party Secretary's Micro Class" and "Lecture My Leader", aiming to better grasp the Party's theory and national policies, and better serve national strategies and regional development with optimized decision-making.

Combining the Party's supervision of cadres with market-based allocation of human resources

We implement flexible and efficient market-based allocation of human resources by means of internal training and external introduction of talents. Through the "select-employ-cultivate-retain" mechanism, we work to consolidate our talent pool, and select high-performing cadres via competition. We deem political performance as the priority among cadres' abilities, and the capacity building as one of their core abilities, thereby cultivating backbone officials who rise to fulfill responsibilities and perform good deeds. The selection of cadres is conducted strictly in accordance with certain regulations, and the appointment and dismissal of important personnel is included as an item on "major issues, important appointments and removals, major projects and the use of large amounts of money" for prudent deliberation. Meanwhile, by means of on-the-job training, apprenticeship and theoretical study, we aim to make our cadre team more cohesive and higher-performing. We also encourage internal cadres to rotate their posts to increase their versatility.

Combining the Party's organizational development with corporate quality improvement and efficiency enhancement

Over years, we have been committed to the principle of "where XMXYG goes, where Party building goes". To this end, we require our newly-established subsidiaries to build their Party branches in the first place and leverage the Party leadership and force to cohere the mass. In addition, we encourage Party organizations at all levels to foster their own brands as a leverage to overcome business difficulties. In 2022, we completed the merger and restructuring of three port and shipping companies. Xiamen International Cruise Homeport Group Co.,Ltd. in the same year established its Party Committee, Disciplinary Inspection Committee in charge of one general Party branch and 12 Party branches. In general, we were moving faster to accelerate mergers and boost common development. XMXYG's Party Committee has been conducting special-purpose investigations at the primary level for five consecutive years to make the voices of grassroots employees heard and address their pressing difficulties.



The special-purpose investigation into the primary-level Party organization of Xiamen International Cruise Homeport Group

Combining the Party's work with the people with corporate culture building

We firmly believe that the sustainable corporate development necessitates not only the Party's new theories to rejuvenate the Chinese nation, but also the fine traditions to carry forward fine traditional Chinese culture and XMXYG Culture. We have compiled the *Corporate Charter of XMXYG CORP.* to build consensus, integrate our corporate culture in management practices, and establish and optimize the performance-oriented incentive and restraint mechanisms to uphold healthy values. We also have rolled out high-quality activities, such as the Leadership Teams' Lecture on Corporate Culture and the Party Building Theory Lecture, to demonstrate the strength of Party's new theories in guiding the development of SOEs with concrete instances. As a result, we have made the Party lectures prevalent at grassroots level.

Combining the efforts to improve conduct and built integrity within the Party with corporate risk control

We uphold a zero tolerance policy for corruption. On one hand, we continuously pursue regular, targeted and precise oversight of political integrity, and strive to fulfill the goals of fostering healthy Party discipline and clean administration throughout our operation and management. On the other, we uphold coordination, and targeted supervision of major areas, and have established a supervision network combining the Disciplinary and Inspection, Auditing Department and HR Center, building a high wall against corruption.

In 2022, **13** Party branches were newly established. By the end of 2022, **5** Party Committees, **6** General Party branches and **99** Party branches were established, with **75** Party building brands fostered

By the end of 2022, the annual special-purpose investigation at primary level had conducted **5** consecutive years, collecting over **1,400** comments and suggestions in total

In 2022, **90** subsidiaries conducted annual special-purpose investigations at primary level, covering **79** Party branches in total. **71** symposiums were held **183** comments and suggestions collected, all of which have been solved



SOUND GOVERNANCE

Sound and effective corporate governance is the cornerstone for high-quality development. We continue to optimize corporate governance mechanism and risk management system, promote the in-depth integration of XMXYG culture in strategies and daily operation. Spearheading governance reform with digital transformation, we adhere to business ethics, uphold integrity, and thus lay a solid foundation for the sustainable development of the Corporation.



Contribution to SDGs

STANDARDIZING CORPORATE GOVERNANCE

Strictly complying with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and other laws and regulations, as well as domestic and international securities regulatory regulations, we continuously improve the corporate governance system, standardize operational management, and effectively safeguard the rights and interests of shareholders, with an aim to facilitate the steady and long-term growth of the Corporation.

Governance System

Board Governance

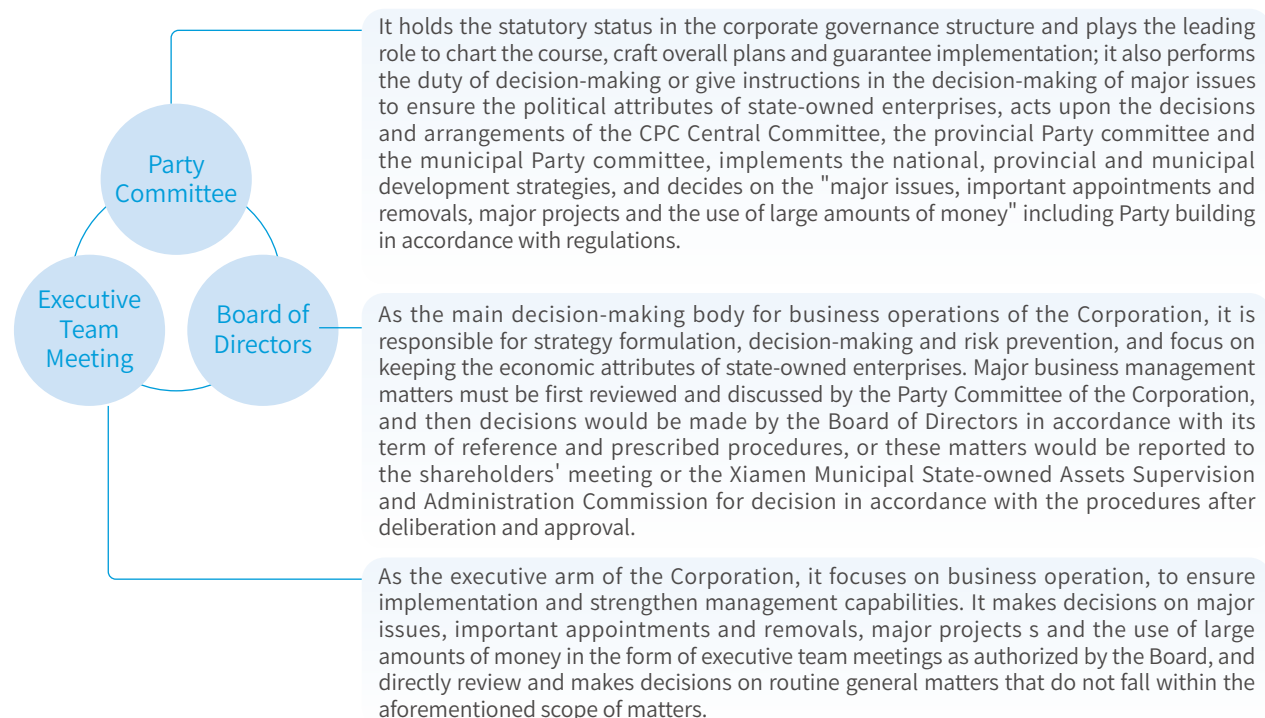
We keep improving the modern enterprise system and vigorously promote the establishment of a corporate governance structure led by the Board of Directors. As of the end of 2022, we had established Board of Directors with external directors in place across XMXYG CORP. and all its subsidiaries in which the Board should be established. We have achieved the majority of external directors in all subsidiaries with Board of Directors.

There are two Board committees at XMXYG CORP., namely Strategy Committee and Audit and Risk Management Committee, to support the Board make informed decisions. Directors are appointed and removed by contributors in accordance with relevant provisions and procedures, and employee director is elected at the Workers' Congress. XMXYG CORP.'s Board of Directors consists of eight directors, including one external director and one employee director, and all directors have relevant industry experiences or expertise in the fields of finance, legal affairs and technologies.



Powers and Responsibilities

In 2022, we formulated the *List of Rights and Responsibilities of Governance Entities* and the *List of Positive Control Items of Headquarters*. The two documents further clarify the boundaries of powers and responsibilities and relevant procedures among decision-making bodies at XMXYG CORP., and between XMXYG CORP.'s Board of Directors and that of its subsidiaries.



Fulfillment Mechanism

In order to enhance the scientific decision-making and risk prevention capabilities of Board of Directors, we give full play to the "think tank" functions of the two Board committees to provide consultation and opinions on major decision-makings. We formulated the *Rules of Procedure for the Board of Directors* in 2022 to further improve the review mechanism, ensure the standardized operation of the Board of Directors and the efficient implementation of board resolutions, and effectively safeguard and protect the rights and interests of shareholders.

We also put in place a multiple-level discussion and feedback mechanism including executive meeting, routine functional departments meetings and regular reporting system, maintaining smooth information channels and communication mechanism between the executive level and the Board of Directors, so as to track, check and ensure the effective implementation of the Board resolutions.

Management of Senior Executives

Market orientation is an important concept implemented throughout our operation and management, which is also embodied in the appointment and management of senior executives. We adopt a market-oriented senior executive appointment mechanism with a fixed term. As the review body for the appointment and removal of senior executives, the Executive Appointment Evaluation Committee was entrusted by the boards of directors and management teams of the Corporation and subsidiaries to evaluate the qualifications, competencies and performance of senior executives.



Our senior executives receive an annual salary, including basic salary and performance-based compensation, with the tenure incentives in place. A certain percentage of performance-based compensation was retained as deferred tenure remuneration to be paid out in accordance with the tenure appraisal results. We have formulated a performance-oriented appraisal plan by reference to the industry level for senior executives in accordance with the Corporation's *Measures for the Management of Executive Remuneration Appraisal of Invested Enterprises* and *Measures for the Management of Performance Appraisal and Remuneration of Professional Managers*. ESG-related indicators are included in corporate business performance appraisal as compulsory indicators, which are linked to the annual performance-based remuneration of the senior executives mainly responsible for relevant work.

As of the end of 2022, except for the Secretary of the Party Committee, the Chairman of the Board, the General Manager (President), the Deputy Secretary of the Party Committee and the Secretary of the Commission for Discipline Inspection, the management teams of the Corporation including all subsidiaries had established market-oriented salary determination mechanism.

Prevention of Conflicts of Interest and Connected Transactions

To avoid conflicts of interest, the appointment of senior executives by the Corporation is subject to the position-based and duty-based recusal mechanism. Senior executives with conjugal or lineal blood relationship shall not hold leading posts in the same incorporated company or hold posts that are of a direct superior-subordinate relationship in the same incorporated company, nor engage in work concerning human resources, auditing supervision or finance in a company in which one of the abovementioned senior executives acts as the legal person. In addition, through the formulation of policies such as the *Scope of Prohibition on the Spouses, Children and Children's Spouses of Leading Cadres at the Deputy Municipal Management and Department Level from Engaging Business and Running Enterprises*, senior executives are prohibited from taking advantage of their positions to operate businesses similar to that of the Corporation or its associated enterprises in the names of their relatives.

In 2022

80
Board of Directors meetings held

15
Executive Team meetings held

96
Proposals deliberated and decided by the Board of Directors

As of the end of 2022,

100%
Implementation of competition for management positions at the Corporation including subsidiaries

100%
Market-based selection of the Corporation's managers, except the general managers (president)

Protecting the Rights and Interest of Shareholders

Attaching great importance to protecting the legitimate rights and interests of shareholders, we have specially formulated the *Shareholder Relationship Management Policy*, to maintain communication channels through information disclosure and exchange, to enhance shareholders' understanding and recognition of the Corporation and establish a good relationship with them.

We respond to concerns of shareholders through information disclosure and communication in the forms of periodic report and interim announcement, performance briefing, shareholder's meeting, official website, one-on-one communication, telephone consultation, on-site visit, analyst meeting and roadshow.

Shareholder communication

Protecting the rights and interest of shareholders

XMXYG Co., Ltd. (SH600057), a listed subsidiary company of the Corporation, adheres to an aggressive cash dividend policy to share its development achievements with all shareholders. The dividend for the past three years has exceeded RMB 3.0 billion, with a stable dividend rate of over 55%.

CONCENTRATING REFORM EFFORTS

To further enhance our competitiveness, influence and risk-resistant capabilities, we open up new horizons on a shifting landscape with innovative reform, keep deepening SOE reform, push forward layout optimization and structural adjustment in the state-owned sector, and stay committed to market-oriented operation, with an aim to stimulate vitality of state-owned capital.

Injecting Momentum for Growth

In 2022, we continued to engage in industrial investment and specialized operation, keep strengthening our competitive advantages in the three major investment areas of commodity supply chains, urban development and operation, and integrated financial services, promote a more reasonable industry landscaping and optimal business structure, and take the merger and integration of the port and shipping sector as an opportunity to open up new arena and accelerate our progress towards a world-class company.

Commodity supply chains

We continued to consolidate the business and logistics of commodities, make steady progress in metals and minerals, agricultural and forestry products, energy and chemicals, expand and deepen fields such as aluminum products, new energy, and keep improving and enhancing the service capabilities of key categories with competitive edge such as stainless steel, aluminum, coal, corn and lithium. Enhance value empowerment of the industrial chain by making inroad into the production and manufacturing fields such as oil pressing, and strengthen operational capabilities through facilitating the improvement of lean management enhancement in the manufacturing sector.

Integrated financial services

We strived to improve industrial concentration ratio with positive developments secured in industry landscaping, operating model and regional expansion, continue to empower the industry chain of the Corporation with competitive edge, deepen industry-finance integration, and pursue a more diversified business portfolio focusing on industrial finance, consumer finance, and asset management.



Urban development and operation

Through proactive self-improvement and adjustment, substantive progresses have been made in improving comprehensive capabilities of residential building, commercial offices, industries, agent construction and property management, offering more possibilities for developing new models and exploring new paths.

Port and shipping

Reorganize the structure and business of Xiamen International Cruise Homeport Group to clarify the business model of maritime culture and tourism industry, integrate maritime passenger transportation, cruise economy, supply chain, cultural, commercial and tourism resources to bring out the full potentials of the industry, and lay a solid foundation for seizing the opportunities of market recovery.

Stimulating Vitality of State-owned Capital



Full participation of multiple player

Since our inception, we have been following the development path of "building a firm foundation in the market". In recent years, as one of the first batch of pilot reform enterprises of the "Double Hundred Action" for SOE Reform and a pilot state-owned capital investment company of Xiamen city, we continuously promote cooperation with diversified types of enterprises including central SOEs, the foreign enterprises listed in Fortune 500 and industry-leading private enterprises, advance mixed ownership reform through systematic innovations in a tiered and category-based manner, and boost management and operation efficiency and stimulate the endogenous drivers.



Optimizing investment management

We further improved the investment management framework in 2022 by revising investment management policies such as the *Interim Measures for Equity Investment Management* and *Measures for the Supervision and Management of Investment*.



Long-term incentive mechanism

XXMXYG Co., Ltd. has implemented its second equity incentive plan, the accumulated eligible participants under the implemented incentive plans of the listed companies reached 1,025 persons.



Optimizing ownership structure of listed companies

XMXYG Co., Ltd. the listed company under XMXYG, has further enhanced its brand image in the capital market and recognition as a leading supply chain enterprise through precise promotion in the capital market and frequent communication with investors. As of the end of 2022, the institutional shareholding ratio of Xiamen XMXYG Co., Ltd. further increased to over 20% from 18% at the end of 2021, with a market value increase of more than 40%.

As of the end of 2022, among invested enterprises of the Corporation at all levels

243

Mixed-ownership enterprises after applying the "look through" approach in statistic scope

60

Mixed-ownership enterprises without applying the "look through" approach

¥2.643 billion

Equity investment made by non-state capital through mixed-ownership reform

Following the Corporation's reform practice case *Using Party Building Initiatives to Propel Reform, Deepening "Mixed-ownership Reform" to Enhance Vitality* was selected into the **Reform Samples: Case Collection of State-owned Enterprises Reform "Double Hundred Actions"** compiled by the Reform Office of SASAC and others in 2020, the Corporation's case, *Positive and Steady Deepening of "Mixed-ownership Reform" to Stimulate Corporate Vitality for Innovation*, was again selected into the **Deepening Reform: Case Collection of Three-Year Action of State-owned Enterprises Reform** jointly compiled by Reform Office and Research Center of SASAC in 2022

ENHANCING CULTURE MANAGEMENT

Since the establishment, we have been committed to reform and opening-up as well as the development of market economy in an innovative and pioneering manner. We have fostered a distinctive corporate culture that contains marine genes, with adherence to market orientation and risk-first as the core. From the "Seven Regulations on Culture" in 2005 to the first *XMXYG Culture Outline* in 2008, and then to the *Corporate Charter of XMXYG* in 2020, the culture of XMXYG extracted from different stages of development, as the crystallization of the wisdom and invaluable assets of XMXYG people, has laid a profound foundation of cultural management and become the strong spiritual driving forces for the high-quality development of the Corporation.

Further reading

- Corporate Mission**
Benefit the World, Achieve Success Together
- Corporate Vision**
XMXYG aims to become a globally-competitive comprehensive investment holding group focused on supply chains
- Core Values**
Value Creation Oriented
- Core Principles of Organizational Construction**
Uphold Party Leadership
- Corporate Spirit**
Grassroots Spirit, Devotion to Undertakings
- XMXYG's "Five-Star Behavior"**
Assume Responsibility and Take Action
Be Pragmatic and Efficient
Be Customer-Oriented
Be Open and Inclusive
Be Pleasant and Straightforward
- XMXYG's "Five Principles" of Operation**
Risk First
Building a Firm Foundation in the Market
Win-Win Cooperation
Innovative Development
Two-Wheel Drive

Regarding culture management as an important part of corporate governance, we integrate culture with all aspects of Party building, strategies and corporate governance, continue to discuss the building of cultural system and mechanism, and keep exploring the establishment of performance-linked incentive and constraint mechanisms for value-based behaviors, with an aim to realize the continuous growth of corporate value.

We have pioneered the innovative culture promotion model of "one lesson, one lecture, one trip and one meeting" and carried out various forms of culture communication and promotion activities by combining top-down and bottom-up approaches to cultivate common values and realize the implementation of XMXYG culture with behaviors. On the one hand, we give full play to the leading role of cultural "head wild geese", and the leadership team of the Party Committee of the Corporation and the senior management team of subsidiaries work together as "XMXYG Culture Ambassadors" to carry out promotion and implementation activities.

On the other hand, we encourage our subsidiaries to promote the organic integration of XMXYG culture with their own operation and management to create unique and diversified promotion. At the same time, based on the major themes of the Party and the nation, such as "studying, publicizing and implementing the guiding principles of the 20th CPC National Congress", we have created a series of thematic cultural activities with nationwide coordinated and concerted efforts across the three levels of the Headquarters, industrial companies and subsidiaries of the Corporation during the occasions of important activities such as the anniversary celebration, the Sports Year and the Art Year of the Corporation. In this way, we boost the morale of frontline employees, enhance their sense of belonging, pride and honor, and reinforce their patriotism and devotion to the Party and the Corporation.



Cultural space in the XMXYG Mansion

Meanwhile, XMXYG micro-community, the internal publication *Morning Sail*, cultural space and other cultural communication platforms were built, and a series of cultural readers and other hero products for cultural promotion were released. In addition, the Corporation's IP brand advocate, the animated cartoon character of "Chenchen", was featured to create thematic posters and publicity videos, themed memes and cultural sculptures which are popular among employees, promoting the wide dissemination of the XMXYG culture.

We take culture management as an important measure in the management and control of corporate strategy risk, human resource risk, structure risk and institutional risk, reach consensus with culture, and work together with invested enterprises to develop, share and promote XMXYG culture. XMXYG culture has provided the soil and nutrients for subsidiaries to build corporate culture, while each subsidiary has independently and flexibly carried out cross-cultural, cross-industry and cross-field cultural integration in a way compatible with their own conditions to enrich the cultural ecology of the Corporation with the continuous in-depth extension of their distinctive sub-culture development.

The Integration, Path to Improvement released by **XMXYG J. H. G.**

The Ways of Awareness, Harmony and Actions released by **XMXYG Biochemical**

The Congregation, Path to Innovations released by **XMXYG I. D. G.**

The Greatness, Striving for Perfection released by **Xiamen International Cruise Homeport Group**



Leaders of Party organizations at all levels act as XMXYG Culture Ambassadors for the promotion of corporate culture



Publicity campaign tour on Party building conducted by light cavalry lecturers in 2022



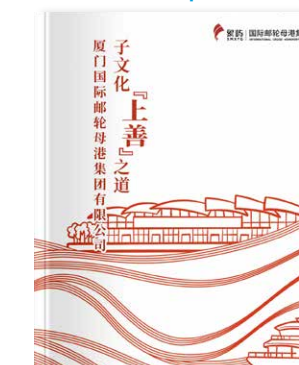
2019



2021



2022



2022

Since 2021, **34** light cavalry lecturers of corporate culture have been invited to conduct lectures on the theory of Party building

As of the end of 2022, **204** management executives and leaders of Party organizations at all levels were granted the title of "XMXYG Culture Ambassadors"

We had published **204** issues of the internal publication *Morning Sail*

5 issues of XMXYG culture readers XMXYG Online Topic Community is available for all employees

with **3,000+** posts

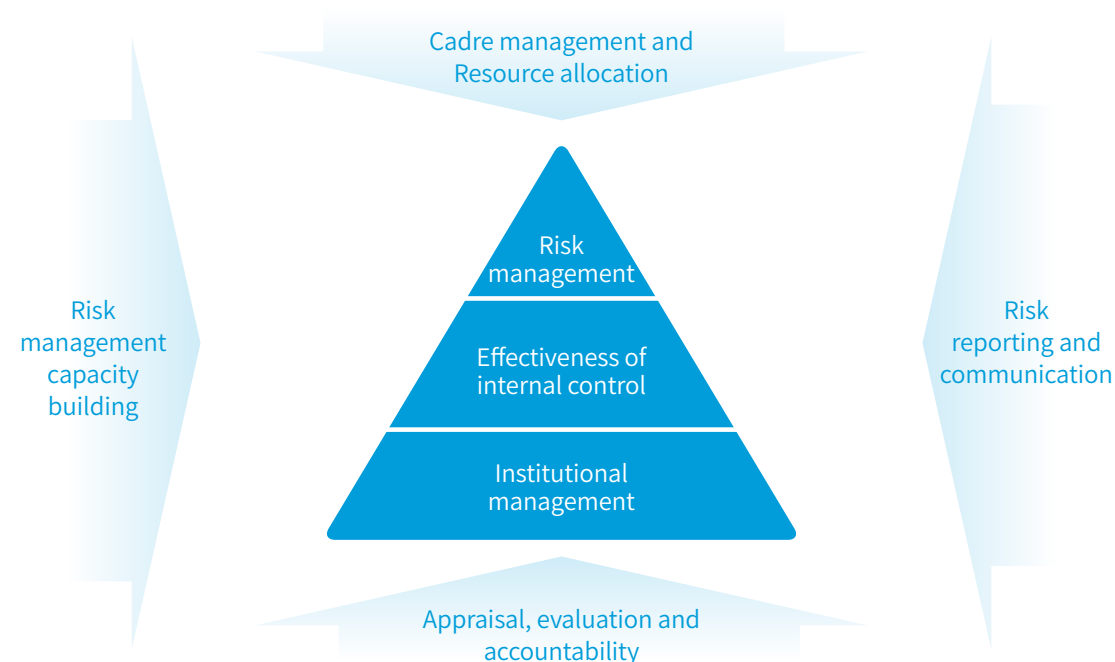
550,000+ views

nearly **100,000** engagements per year

425 receptions for the cultural space of the Corporation in 2022

RISK MANAGEMENT

We have refined our business approach of "Risk First" through the fierce market competition, forming the unique risk management culture and insisting on the pursuit of sustainable growth and maximization of value creation under the premise that risks are controllable and manageable. Based on this development concept, we have established a comprehensive risk management system and made continuous efforts by focusing on the three major aspects of system-based corporate governance, internal control, risk management to ensure the high-quality development of the Corporation.



Institutional Management

We have established a closed-loop management system that runs through the whole life-cycle from system formulation, publicity and testing, implementation and tracking, to inspection and evaluation. We have also vigorously promoted the systematization and digitization of institutional management to ensure the institutional safeguard for business operation and management.

- In 2022, **45** key subsidiaries moved the institutional management systems online
- In 2022, **1,013** regulatory documents were revised or abolished across the Corporation, representing a year-on-year increase of 110%
- **112** subsidiaries participated in system "checkups", with the system self-inspection rate of each subsidiary reaching **20%** or more, including **24** systems involving finance, contracts, project bidding, etc. under mandatory inspection
- The overall non-conformity rate of system self-inspection was **0.19%**; the overall error rate was **0.3%**, representing a year-on-year decrease of **0.17%**

System "on-line"

In 2022, we launched institutional management system, covering online system issuance and compilation, system deconstruction, learning and test, implementation inspection, management analysis and other functions.

System "checkups"

In order to prevent systems from becoming pointless formalities, abolish or revise the inapplicable systems in a timely manner, and enhance the integration of institutional management with operations, we organize the Corporation and subsidiaries to carry out the system deconstruction and inspection of every year, and review the system implementation with two major indicators of the error rate and the non-conformity rate.

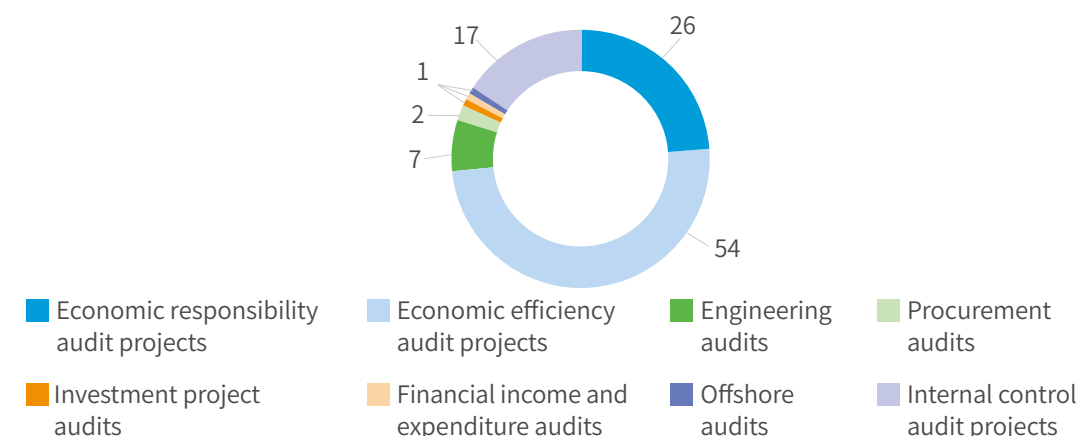
Internal Control and Compliance

Adhering to law-based corporate governance and compliance operation, we improve multi-level operation and management regulations, continue to optimize the internal control mechanism, strengthen the internal control capacity building and performance assessment of the management team, and reinforce the culture of rule of law and compliance awareness, with an aim to effectively regulate operation and management of the Corporation.

Enhancing the Effectiveness of Internal Control

We require each subsidiary to guarantee the appointment of at least one risk control leader and one internal control leading department head to organize and carry out internal control tasks, and continuously strengthen the risk identification and response capability of key position personnel through professional tests and risk control training sessions to improve internal control performances. In addition, we actively promote management improvement through evaluation and inspection, requiring each company to formulate an internal control plan based on the list of material risks at the beginning of each year. The audit department carry out effectiveness evaluation on internal control focusing on internal control implementation of material risks and key business throughout the year, and conduct an annual assessment on the completion the internal control plan and the effectiveness of internal control at year end. The assessment results are directly linked to the annual performance appraisal of the general manager and the leader in charge of risk control of each company.

Classification of audit projects in 2022



In 2022, a total of **57** persons participated the position test for the leading role of internal control. The excellence rate year-on-year increased by **18%**. **1,147** control points on **53** major risks were sorted out by subsidiaries. **439** of key control points were identified after narrowing down with internal control measures.

109 audit projects were carried out in 2022, among them, **19** were key audit projects, covering aspects including the decision-making management on major issues, important appointments and removals, major projects and the use of large amounts of money, finance management, procurement management, information security, engineering compliance, authorization management, significant business audit and inner control.

Compliance Management

With reference to the *Measures for the Compliance Management of Central State-owned Enterprises*, we have set up a compliance management system covering key aspects such as system formulation, business decision-making, and production and operation, strengthened the identification and assessment of major legal and compliance risks, and put forward standardized regulations on key areas, links and personnel prone to compliance risks of various types. At the same time, we continue to improve the compliance organization system of joint prevention and control, forming a compliance management system with effective synergy between the Corporation and its subsidiaries, well coordination between the legal department and business units, and effective supervision by the auditing department and disciplinary inspection & supervision office.

In addition to institutionalized and normalized compliance training, we also strengthen the oversight over the "key few", and make "publicity on holding the bottom line of compliance" a mandatory subject for the youth cadre course and enterprise management course of the Xiamen Xiangyu Business School to strengthen the compliance awareness of executives and risk control personnel at all levels. In 2022, a total of 16 sessions of special training and professional guidance on compliance were conducted with more than 600 participants.

In 2022, in order to strengthen regulatory capabilities of compliance risk and promote the in-depth integration of compliance management and business, the Risk Management Center and industrial companies jointly

developed reports for **6** types of compliance risks and sorted out risk appetite statements
8 types of compliance risks, including engineering bidding compliance, hazardous chemical operation compliance, etc.

Tax Management

We continue to evaluate and revise the tax management system, optimize the establishment of the three-tier tax management system, and improve tax risk control measures. We strengthen tax self-examination through internal exchanges and sharing, regular tracking and feedback, and keep improving the capability to coordinate efforts to cope with major tax-related risks.

- All major companies of the Corporation in Xiamen region received **A-level** tax credit rating for taxpayers
- No C-level or D-level enterprise under the Corporation were listed as key monitoring targets by tax authorities

Professional sharing

Optimize the mechanism of the tax meeting of the Corporation, strengthen the exchange and sharing of interpretation and application of external fiscal and tax policies, and enhance the discussion of common tax-related issues of the Corporation.

Periodic feedbacks

Establish a regular tracking and feedback mechanism for major tax matters of each enterprise, strengthen the guidance and response support for major tax-related matters of various industries, and at the same time continue to conduct tax-business interaction with competent tax authorities and sign the *Tax Compliance Agreement* to enhance mutual understanding and trust.

Self-examination

Strengthen the organization and management of annual tax self-examination, optimize the design of tax self-examination templates, and organize the identification of tax-related risks and hazards, enhancing the overall tax risk prevention capability of the Corporation.

Risk Management

Empowering risk management with culture leadership, we have established a dynamic risk identification mechanism by focusing on major risks to create a joint risk prevention and control system and improve the capability to timely identify, respond to, and resolve risks in response to changes in the external macro-political and economic environments.

Training on Risk Control Culture

We have included risk culture, knowledge of the risk control system and case training in the training courses for new employees, MTPs, middle and senior executives at all levels, and encouraged each company to carry out the publicity of risk control culture in the context of business scenarios, with an aim to raise the risk control awareness of all employees.

Case

- XMXYG Real Estate launched a semi monthly publication of "Risk and Integrity Review" for case publicity
- XMXYG Commercial Development launched 6 sessions of "Integrity Risk Control Class" to continuously publicize the engineering integrity risks and raise the risk awareness.
- XMXYG Superchain integrated risk cases with SOP and included into the knowledge bases of positions to strengthen position-related risk awareness

Joint Prevention and Control

We give full play to the coordinated efforts of the Research Institute, Risk Management Center and other functional departments of the Corporation and relevant business departments to jointly identify and analyze risks, and establish a continuous and dynamic target management and joint prevention and control mechanism for major risks. Meanwhile, the Risk Management Center of the Corporation conducts in-depth research on the frontline of various industry companies such as XMXYG Co., Ltd., XMXYG J. H. G. and XMXYG Real Estate to understand changes in the logic of business and risk control and to form a consensus on the orientation of risk control.

| Risk Category | Coping Strategies |
|---------------------|--|
| Strategy risk | Formulate the Sixth Five-Year Plan based on the strategic guidance of the State and the actual development status of the enterprise to clarify the strategic orientation of various industries and subsidiaries, and set up a strategic management center to track and manage the implementation of the strategies. |
| Structure risk | Build reasonable product structure, customer structure and capital structure to prevent and avoid risks brought about by changes in the external macro-economic and market environments. |
| Institutional risk | Establish a sound institutional system, promote the implementation of the system, and make timely adjustments and revisions in response to business changes and progress of system implementation, so as to realize the closed-loop management. |
| Human resource risk | Develop strict standards for the selection of senior executives, and take moral cultivation and capability requirements as the contents of cadre assessment. In addition, we emphasize the risk-first culture development, conduct risk testing and risk case publicity on a regular basis, and improve the risk awareness of all employees. |

Four Major Risk Categories that We Pay Close Attention to

Paying Close Attention on Major Risks

Industry companies carry out identification and assessment of major risks for the current period and dynamic tracking, and ultimately to summarize and form the risk map and annual major risks list of the Corporation. Accordingly, each company carries out risk management with the goal of "controllable" and "manageable" and focuses on the major risks list of its industry to form "one report for each risk", with an aim to promote the improvement of risk regulation capabilities.

In 2022, a total of **63** key subsidiaries have formed annual risk reports
23 risk evaluation reports focusing on the list of
28 major risks have been formed, representing a year-on-year increase of **8** reports

DIGITAL GOVERNANCE TRANSFORMATION

Digital Governance System

2022 marks the first year for the implementation of the digitalization plan of the Corporation. We strive to build XMXYG's digital governance system featuring "top-level design, internal coordination and hierarchy enhancement" to provide institutional guarantee for the digital transformation in terms of organizational structure, policies and standards, etc.

Consolidating Institutional Foundation to Enhance Top-level Design

We set up digital governance centers for each industry, advance the timely implementation of various tasks for the digital transformation planning, and promote the empowerment of digital and information technologies to all aspects of business operations, with an aim to gradually build a highly efficient operation and management model driven by digital intelligence.

Focusing on Standardized Management with Unified Policies and Standards

The Corporation has established a digital structure management system with unified planning to realized coordinated management. In 2022, we improved over a dozen digital governance related policies such as the *Measures on Digital Governance*, *Measures on IT Structure Management*, and continued to optimize the full close-loop of digital system from execution, tracking, supervision to optimization, so as to realize the unified standards, on-line processes and intelligent management. In addition, we also improved the *General Principles of Information Security Management*, *Measures on the Management of Information Security Incident*, *Information Security Emergency Contingency Plan* and other relevant regulations to provide guidelines to further standardize the digital work safety across the headquarters and subsidiaries of the Corporation.

Digital Service Capabilities

We track and promote the construction of various key digital projects in an orderly and efficient manner, and improve digital service capabilities to support strategic decision-making, exert organizational effectiveness, and make contribution to the frontline operation.

Supporting Strategic Decision-making

We have promoted the implementation of the comprehensive budget management system, apply digital technologies to achieve strategic closed-loop management, facilitate the decomposition and implementation of strategic planning, and realize the full-process linking up and dynamic tracking of strategic management.

Functional Management Optimizing

We have been pushing forward the integration of functional management and business operation of the Corporation through applying digital technologies, build digitalized operation systems with focuses on implementing the projects including the Party building digital system, insurance management system and statement consolidation systems. We have realized visualized on-line management and the flow and accumulation of data by linking up multiple systems and platforms, so as to effectively improve productivity. Among which, the account reconciliation platform of the Corporation launched in 2022 generates reports automatically to replace offline manual work, resulting in the greatly reduction of the workloads across all levels with an increased report generation automation rate of 70%.

Connecting the Global Network

We have built a high-speed network connecting all overseas branches with the Corporation headquarters, and established a collaborative, flexible and highly efficient global network. After the completion of the construction of the cross-border private lines and the acceleration center in Hong Kong SAR of China in 2022, the network latency of the companies in Indonesia, the United States, Singapore, and Vietnam was improved with a speed increase of more than 60%.

Digital Security

We remain highly vigilant for information security and cybersecurity risks, and safeguard the data asset security of our customers and the Corporation by taking multi-dimensional measures including iterating and upgrading of infrastructure and technologies, identification of security risks, and strengthening the security awareness of all employees.

Ensuring Information Security with Sound IT Infrastructure and Systems

In 2022, we vigorously promoted the upgrading of disaster recovery data center of the Corporation by adding a new co-located disaster recovery center and an off-site disaster recovery center to achieve the data center structure of "three centers on two locations", and significantly enhanced our capabilities to ensure information security in the face of unexpected emergencies with sound infrastructure. Meanwhile, we attached high importance to the lifecycle protection of customer and employee information and accomplished multiple guarantee tasks for important meetings including the 20th CPC National Congress.

Eliminating Information Security Hazards with Comprehensive "Security Check"

The Information Security Team takes the responsibilities of security assessments on each digital system of the Corporation, and continues to carry out security inspections during daily security operations and maintenance to eliminate security hazards in a timely manner. Meanwhile, with the international expansion of our business layout, we have established an information security liaison mechanism for overseas companies to ensure that security inspections cover all nine branches and subsidiaries operated as overseas entities.

Strengthening Information Security Protection by Prioritizing Precaution

We push popularization content on information security to all employees in the simple forms of posters, cartoon illustration for their easy understanding, and organize off-line thematic training sessions in accordance with the characteristics of each industry.



HOLDING ONTO THE BOTTOM LINE

We adhere to business ethics in our operation and development, strictly comply with the provisions of Chinese laws and regulations including the *Law of the People's Republic of China Against Unfair Competition*, *Anti-monopoly Law of the People's Republic of China*, as well as relevant policies and regulations in the countries and regions we operate, and participate in the market competition in compliance with laws and regulations, with an aim to build a sound market environment with our business partners.

Anti-corruption

Adhering to the "zero tolerance" attitude towards corruption, we continue to optimize the anti-corruption system according to the development stage and operational reality of the Corporation, incorporate the prevention and control of integrity risks into the management of operational risks, and thoroughly integrate the integrity culture with the corporate culture. In this way, we have realized a greater supervisory pattern of "self-prevention and self-control, special prevention and special control, joint prevention and joint control" and created a clean and positive environment.

Integrity Management System

System building

Our anti-corruption institutional system comprehensively covers subsidiaries, businesses and employees of the Corporation, and strictly prevents and punishes corrupt behavior through a series of regulations including the *Employee Rewards and Punishments Management Policy*, *Measures for the Testing on Integrity Laws and Regulations Knowledge for Senior Executives Prior to Their Appointment*.

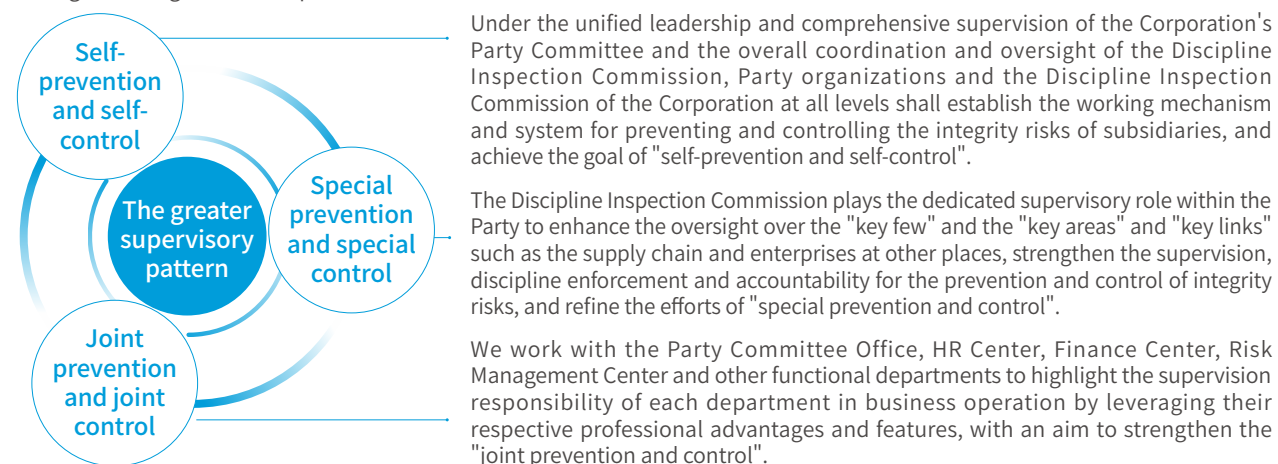
Institutional guarantee

The Party Committee of the Corporation fully implements the responsibility for improving conduct, building integrity, and combating corruption, and strengthens internal oversight. The Corporation's Discipline Inspection Commission performs the assisting duties and supervisory duties conferred by the Constitution of the Communist Party of China, and implements the responsibilities of supervision, discipline enforcement, and accountability. Besides, a Discipline Inspection Office is established, which works with the Discipline Inspection Commission to perform supervisory duties. The General Office and the Discipline Inspection and Supervision Office under the Corporation's Discipline Inspection Commission (Discipline Inspection Office) are responsible for carrying out daily specific work.

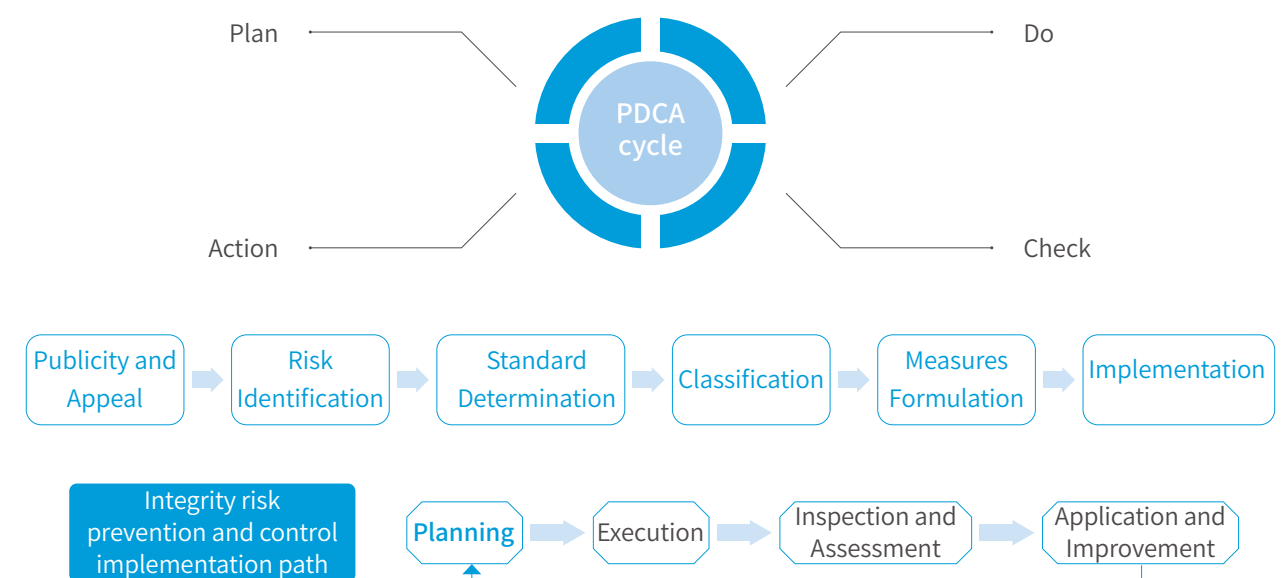
We have established discipline inspection commissions in four subsidiaries with Party committees, set up separate discipline inspection and supervision offices, and equipped them with full-time staff, further improving institutional safeguards. What's more, we have established and improved the coordination group and coordination mechanism for Party conduct and integrity and anti-corruption work, promoting the development of an integrity risk prevention system in a horizontal collaborative manner, and exerting the synergy of supervision.

Prevention and Control of Integrity Risk

Focusing on integration of anti-corruption supervision with the implementation of internal control and risk management, we have formulated the *Interim Provisions on Incorporation of Integrity Risk Prevention and Control into Business Risks Management* to supervise the "self-prevention and self-control" of subsidiaries, "special prevention and special control" for key areas and links, and carry out "joint prevention and joint control" in collaboration with functional departments by taking advantage of their expertise.



We also further extend the inspection scope and take measures such as prevention, monitoring and resolution for the possible integrity risks in production and operation management, so as to carry out reasonable and dynamic closed-loop management.



Key actions in 2022

- Focused on supervising the implementation of key tasks such as the municipal Party Committee's special inspection and rectification on the management of the use of state-owned assets, three-year action of state-owned enterprise reform, and the implementation of key systems such as the procurement and leasing of state-owned asset.
- Continued to implement the "one enterprise, one list" supervision and inspection on the implementation of the Party's eight-point frugality code, and the "one enterprise, one list" special rectification on tackling pointless formalities, bureaucratism, hedonism and extravagance to improve conduct.
- Over 50 supervision and inspection missions conducted by focusing on aspects such as the construction of a model civilized city, pandemic prevention and control, and business environment.

Cultivating Integrity Culture

Leveraging the training mechanism of the Corporation's business school, we step up efforts to build an integrity education system to include integrity education into the "compulsory subject" of the employees. Meanwhile, we carry out many diversified activities to build integrity culture through online and offline channels and promote the integration of XMXYG values with integrity and clean conducts.

75
Sessions
Integrity education
conducted in 2022

9,300+
Participants



Creating a strong atmosphere of integrity by opening a "clean conduct in state-owned enterprises" column at the official website of the Corporation, developing a program of "voice of clean conducts" through XMXYG Radio Station, and setting up the integrity culture exchange platform of "clean conduct reading corner"



Conducting a series of online quiz for the entire Corporation in the XMXYG micro-community in conjunction with the monthly themed study of the Municipal Commission for Discipline Inspection and Supervision on the "positive and negative lists" for the implementation of the central Party leadership's eight-point decision on improving work conduct



Organizing the visit to the Xiamen primary-level Party Building Photography, Painting and Calligraphy Exhibition named "Light and Shadow Reflecting the Original Aspiration, Paintings and Calligraphy Manifesting the Missions", and soliciting works of art on honesty and integrity at the same time



Inviting relevant staff of the Municipal Commission for Discipline Inspection and Supervision to give lectures on building integrity and improving Party conduct in state-owned enterprises to personnel of key positions



Organizing the themed educational activity of "Passing down family values, painting clean conduct, and learning hard-working" through the visit to the Huli District Family Rules and Trainings Museum, making "integrity and clean conduct" hand-painted circular fans and reading exchanges, to understand positive connotation of "goodness and honesty" in the traditional culture



Organizing "Clean, Honest, Youth" integrity education lectures and thematic movie watching activities, and inviting staff from the Publicity Department of the Municipal Commission for Discipline Inspection and Supervision to deliver themed lecture on preventing position-related crimes

Channels for Whistleblowing

We welcome the supervision of all parties, and set up a variety of whistleblowing channels such as e-mail, telephone, letter, face-to-face communication. We have formulated the *Regulations on Handling Public Complaints and Interim Measures on Acceptance of Public Complaints* and *Whistleblowing and Handling of Clues to Problems for Discipline Inspection and Supervision* in accordance with the law, to standardize the process of handling public complains and whistleblowing.

Reporting management process



Understanding the concerns of the whistleblower, we attach great importance to the information security of the whistleblower, keep strict confidential the information and reporting details of the whistleblower, and prohibit the excerpting, photocopying, withholding, destruction of the reporting materials or arbitrarily producing reporting materials to others without explicit approval, so as to ensure that the investigation and verification work is carried out without disclosing the identity of the whistleblower.

Anti-unfair Competition

We advocate business operation with integrity and fair competition, strictly comply with the relevant laws and regulations of the countries and regions we operate, and select and manage suppliers based on the same criteria, with an aim to jointly build a fair and just, honest and trustworthy, and transparent business ecosystem.

Supplier Management

We have issued the *Procurement Management Policy, Regulations on the Procurement of Non-Operational Administrative Goods and Services*, etc. to standardize supplier management and control. All suppliers are required to sign the *Commitment of Honest Cooperation* with clear anti-corruption and anti-bribery requirements. If the supplier is found to have any behaviors of extortion, bribery or other unfair competition in any forms, it would be dealt with and punished seriously until permanently included in the list of prohibited cooperation. Meanwhile, subsidiaries of the Corporation integrate ESG concepts into their supplier management based on the characteristics of their own enterprises and industries, pay attention to the impact of suppliers on the environment and society in various aspects such as access, selection and evaluation, developing procurement sources in a responsible manner, and join hands with upstream and downstream partners in the supply chain to create a favorable market environment and promote sustainable development together.

Case Grading Evaluation of Suppliers by Xiangdao Logistics

Xiangdao Logistics categorizes logistics suppliers into control class and non-control class based on the cooperation model. Furthermore, it divides the logistics suppliers of warehousing and inventory control into six grades based on their qualifications, service capabilities and willingness to cooperate, and takes the grading results as the basis for the return visit to logistics suppliers and an important indicator for evaluating the cooperation level with them.

Raising Legal Awareness

In addition to strict control over the selection of external partners, we actively disseminate knowledge of anti-unfair competition and trade secret protection laws and regulations to all employees across the Corporation, raising their legal awareness through in-depth analysis of false propaganda, anti-commercial bribery, infringement of trade secrets and other common acts of unfair competition, as well as releasing multiple educational articles such as the *Cracking Down Infringement and Counterfeiting* by addressing hotspots and challenging issues in the course of our business operations.

IPR Protection

We attach great importance to the management and protection of intellectual property rights(IPR), and comply with the requirements of relevant applicable Chinese laws and regulations including the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. Taking into account the brand positioning and development planning of the Corporation, we have formulated systems such as the *Measures on Brand Management and Measures on Trademark Management* to strengthen the management and standardized utilization of brand names and trademarks of the Corporation. Due to specific needs of certain industries, subsidiaries such as XMXYG Biochemical have also formulated the *Patent Management Policy*, under which, the review by the technical leader to confirm no leakage of technological secrets is required before applying for patent protection.

In response to unfair competition attempts by certain market entities including counterfeiting trademarks and brand names, we actively formulate practical and feasible protection plans to safeguard our legitimate rights and interests effectively by legal means such as filing trademark oppositions or invalidating requests for infringing trademarks or lodging an administrative complaint of counterfeit brand names.

Supplier access

Formulate respective entry standards and verification requirements for different types of service projects by taking full account of the qualifications, scale, scientific and technological innovation capability, experiences and expertise of project management staff, integrity records, credit standing and other aspects of suppliers.

Supplier selection

Put in place a standardized high-quality supplier list based on the comprehensive strength of suppliers including qualifications, scale, performance, expertise, service experiences, credibility. As an important reference for supplier selection, the list is subject to mechanisms such as public disclosure, dynamic management, real-time evaluation, and removal of low performers.

Supplier evaluation

Evaluate the contractual performance of suppliers, and apply the mechanism of rewarding and retaining top performers, punishing and pushing out low performers. Suppliers with serious violations and untrustworthy suppliers will be blacklisted, and to be vetoed for any dishonest behavior.

279 Valid trademarks registered in China as of the end of 2022

179 Valid trademarks registered overseas as of the end of 2022

14 Foreign countries or regions covered for trademark right confirmation

43 New patents obtained in 2022

172 Patents obtained in total

72 Independent R&D software copyrights obtained in total

12 Trademark infringement lawsuits won in 2022



GREEN EMPOWERMENT

Lucid waters and lush mountains are invaluable assets. We are committed to advancing modernization featuring harmony between humanity and nature, and the path of prioritizing ecological conservation and pursuing green development. To contribute to China's dual carbon goals (peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060), the Corporation deeply practices the concept of sustainable development, and promotes the green and low-carbon transition of industries, making its due contributions to creating a better environment with greener mountains, cleaner water, and clearer air.



Contribution to SDGs

GREEN MANAGEMENT

Environmental protection is always our primary responsibility. In strict accordance with related laws and regulations, we make continuous efforts to improve environmental management, increase investment, and promote the effective implementation of building ecological civilization.

Management System

The environmental management system has been integrated into the Health, Safety, and Environmental (HSE) management system to guide our subsidiaries to establish a management system that aligns with their actual production and operation. As of the end of 2022, XMXYG Huanzi Mining, XMXYG S. O. E., and three subsidiaries of XMXYG Biochemical have obtained the ISO 14001 environmental management system certificates.

To further improve environmental management system, we have issued the three-tier management documents covering the Corporation to guide and supervise the development of ecological civilization. The *2022 XMXYG CORP. Implementation Plan on Occupational Health, Safety, and Environmental Protection* is also enacted to clarify the environmental protection tasks and responsibilities of subsidiaries in each industry.

The development of ecological civilization in each subsidiary is included in the annual performance assessment and appraisal of the personnel holding principal posts. Currently, the accountability and veto systems are implemented. Companies that are responsible for significant and severe environmental incidents or those who cause significant environmental degrading due to negligence will have their qualification for excellence selection revoked and be held accountable.



ISO 14001 Certification for Suihua factory of XMXYG Biomedical | ISO 14001 Certification for Fujin factory of XMXYG Biomedical | ISO 14001 Certification for Beian factory of XMXYG Biomedical



ISO 14001 Certification for XMXYG S. O. E. | ISO 14001 Certification for XMXYG Huanzi Mining

Organizational Structure

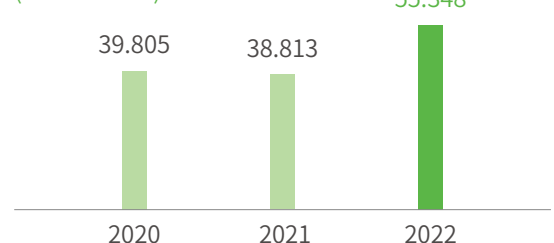
We adhere to the principle that both Party committees and the administration of the Corporation assume responsibilities in ecological civilization development. We have set up the leading team of ecological environment protection led by the Corporation's leadership teams, with the Party Secretary and Chairman serving as the team leader, the Deputy Secretary and President as the deputy team leader, and the leaders of each industry as team members. The Emergency Management Center serves as the office of the leading team, responsible for overall planning of XMXYG CORP. environmental management direction and focus, guiding the safety and environmental protection-related work of each subsidiary.

Performance Assessment

While assuming our environmental responsibilities, we request subsidiaries in each industry to sign the letter of safety and environmental responsibility. We also assess the performance of subsidiaries in fulfilling their responsibility on work safety, so as to motivate them to honor their commitments. In 2022, the Corporation did not receive any administrative penalties from environmental protection authorities at or above the county level.

25 HSE management system documents formulated in 2022
8,706 Letters of safety and environmental responsibility signed in 2022

Total investment in environmental protection (RMB million)



GREEN TRANSITION

Upholding the new development philosophy of innovative, coordinated, green, open, and shared development, we push forward the upgrading of competitive traditional industries, accelerate efforts to improve the our strategic development in emerging industries, and foster the momentum for green development.

Green Supply Chain

In global environmental management, the green supply chain plays a crucial role. Leveraging the advantages of the comprehensive supply chain service platform, we advance the green transition and upgrading of the entire industrial chain by constructing green and low-carbon logistics channels and strengthening the effective supply of new energy products.

Creating Green Logistics

Based on the multi-mode transport logistics system, and in response to the national call of "shifting from road to rail transport, concentrating loose cargo, and port-to-port cooperation", we have integrated the logistics network and intelligent system to create a unique multi-mode transport characterized by "logistics leadership, intelligent empowerment, and high-level collaboration". We have also built multiple green, low-carbon, and efficient multimodal logistics lines, which can significantly reduce the energy consumption and pollutant emissions in the logistics process. As a leading enterprise in logistics industry, we have participated in the preparation of industrial standards, the *Enterprise Green Logistics Assessment Indices* and the *Methodology for Greenhouse Gas Emission Accounting in Logistics Companies*, establishing the strategic direction for the environmentally-friendly progression of the logistics industry.

| Name of Line | Channel Construction | Measures to Reduce Pollution and Consumption |
|---|---|--|
| North to South Coal Diversion and West to East Coal Diversion | Relying on the hub layout of Xiangdao Logistics in the central and western regions, we send coal from Shanxi, Shaanxi and western Inner Mongolia to Yunnan, Guizhou, Sichuan, Shandong, Hunan, Jiangxi and other regions by railway. | Railway transportation consumes 15% less energy and generates 8% less pollution than road transportation. We transport coal by "shifting from road to rail transport", and spray a dust-suppressing substance onto the surface of the coal, which creates a protective layer to mitigate dust dissipation and pollution. |
| North to South Grain Diversion | We have taken proactive measures to strategically position our logistics network, effectively linking critical nodes such as the northern production centers, port clusters, and southern sales regions to establish a transportation channel for North to South Grain Diversion, thus building a multi-mode transportation system with road transport, rail transport, water transport, and warehousing. | Waterway transportation uses less energy and generates fewer pollutants than railway and highway transportation. By adopting a transportation model with rail and water as the primary modes, supported by road transport, we have significantly reduced the proportion of road transport distance to less than 1/10 of the entire transportation process, thereby lowering transportation costs and energy consumption. |
| Trans-provincial Corridor for Aluminum Products | Relying on our own aluminum industry chain's operational volume advantage, we have successfully instituted significant transit corridors for alumina and electrolytic aluminum, including but not limited to, the Xinjiang-Henan and Shandong-Inner Mongolia routes. | Leveraging the railway hub advantages of Xiangdao Logistics, we have completed transport structure adjustment of "shifting from road to rail transport" and "concentrating loose cargo", and replaced large truck transport with rail container shipment, enhancing efficiency and reducing energy consumption and emissions in the transport of aluminum products. |



• In 2022, XMXYG Co., Ltd. achieved a transportation volume of approximately **8 million tons** after switching from road to rail transport, reducing automobile transportation by **267,000 times** and carbon emissions by **1.47 million tons**



• The international service routes of XMXYG Superchain can reach to more than **10 countries**, with the annual cumulative mileage of **4 million kilometers**, reducing **27,000 tons** of carbon dioxide emissions compared to cross-border truck transport for bulk cargo



• The comprehensive application of electronic signatures enables a paperless operation throughout the entire process of goods entering and exiting the warehouse, resulting in an annual reduction of carbon emissions by **6,028.8 tons**



• With paperless procedures in the digital warehouses, XMXYG Superchain has saved **1.42 million sheets** of paper

Connecting Green Industries

Relying on our strength in the main businesses, we strive to safeguard the national security of energy, industrial and supply chains while reducing carbon footprints. Through multi-mode transport and other logistics methods, we focus on resource-rich areas abroad such as Australia, Africa and South America to introduce raw materials such as lithium, cobalt and nickel to strengthen the supply chain of domestic new energy enterprises. Domestically, we keep an eye on resource bases such as Qinghai and Sichuan, and have formed a full chain processing channel from raw ore, semi-finished products, and finished products to improve logistics turnover efficiency and promote the stable development of the new energy industry. Meanwhile, with the assistance of mature overseas channels, we assist domestic electric vehicle enterprises in exploring the electric vehicle market in Europe, South America and other places, allowing the excellent products in China to "go abroad."

In addition, we are actively expanding the photovoltaic power station market, and have now established one-stop comprehensive service capabilities such as photovoltaic project development, investment, and equipment supply and operation, as well as full-cycle financial leasing services for photovoltaic power stations. Currently, our photovoltaic business has covered many domestic provinces such as Fujian, Zhejiang, Jiangsu and Guangxi. What's more, through self-managed export, overseas warehouse stocking, overseas brand OEM integration, and joint sales with customers, etc., we help export domestic photovoltaic products to Asia, Europe and other overseas markets.

Case Rooftop Photovoltaic serves as "green engine" for corporate development

In October 2022, the distributed photovoltaic power station on the roofs of factory buildings, jointly developed by XMXYG New Energy and GD Power Development Fujian New Energy, officially commenced construction. Taking full advantage of 40,000 square meters of roof space and local sunlight resources in Fuan, Ningde, the distributed photovoltaic power station is designed with an installed capacity of 3.7 megawatts. After the project is connected to the grid, the station is expected to generate an average electricity output of 3.76 million kWh per year and reduce carbon emissions by 3,700 tons. After operation, the project can significantly decrease the solar radiation absorbed by the factory roofs, effectively lowering the load on air conditioning systems and overall energy consumption in the buildings. Additionally, it provides electricity security, contributing to a reduction in operational electricity costs.

Green Manufacturing

In response to the relevant requirements of *Made in China 2025*, we make comprehensive plans to build a green manufacturing system. By accelerating the transformation of traditional industries into resource-saving and environmentally friendly industrial structures and production methods, and actively integrating into green development in emerging industries, we significantly improve the green and low-carbon level of the manufacturing industry within the Corporation.

Practicing Green Production

Energy Conservation and Emission Reduction

In the process of production and operation, we fully consider factors related to energy consumption, comprehensively implement green upgrades of production technologies and equipment, and speed up to develop the environmentally friendly products, thereby effectively improving energy and resource utilization efficiency, and reducing carbon emissions.



Case

The world's first environmentally friendly valine product

After almost three years of dedicated efforts and thousands of tests, XMXYG Biochemical launched the world's first environmentally friendly valine product in 2022. Compared to existing products on the market, this product is able to reduce energy consumption by 39% in production, increase product yield by 20%, decrease environmental wastewater by 97%, and improve comprehensive resource utilization by 50%, demonstrating significant energy conservation and emission reduction effects.

Fujin, Suihua, and Bei'an factories, affiliated to XMXYG Biochemical, passed the **Green Manufacturing System Certification** and were awarded the **National Certifications of "Green Factory"**

The transformation of drying tower makes the sky more blue

XMXYG A. G. R. I. has undertaken a low-carbon transformation on the coal-fired drying tower. It replaced coal with biomass particles to heat the drying tower, and equipped pulse jet bag filters to ensure that the exhaust gas met the standard, realizing the pollution reduction and carbon reduction synergy. As of 2022, 21 biomass drying towers have been completed, accounting for 28% of the total, resulting in an annual reduction of coal consumption by 13,802 tons.

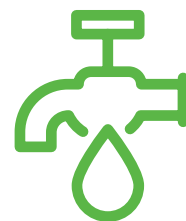
Promoting energy conservation and emission reduction in boiler co-firing

Deeply implementing the new development philosophy, Beian factories of XMXYG Biochemical substituted rice husks and biomass for fossil fuels in boiler co-firing. In 2022, a total of 5,276 tons of biomass was used, which is equivalent to reducing the use of 2,516 tons of standard coal and reducing carbon emissions by approximately 7,707 tons.

Meanwhile, through the technical transformation of the existing boilers, the newly added economizer can reduce the boiler's exhaust temperature by 10 Celsius degrees, increasing an approximate 1% thermal efficiency of boilers. The newly added compressed air shock wave soot blower is able to reduce steam consumption. According to calculations based on 290 days of operation per year, the transformation can save 535.38 tons of raw coal and reduce carbon emissions by 889 tons.

Polluted Water Treatment

We attach great importance to water resource utilization and polluted water treatment. We have developed management systems for wastewater discharge and disposal and carried out management and technological upgrades to effectively reduce discharge of wastewater from production and daily activities.



Case

- Through technological transformation, Fujin factories of XMXYG Biochemical has redirected the existing waste liquid filtrate pipeline to the technic water tank for acid-making system. This not only reduced the water consumption per ton of starch but also optimized the discharge structure, reducing the discharge volume of high-concentration water. After transformation, it will generate a benefit increase of RMB 116,700 per year.
- XMXYG PT. OSS project has slowed and controlled the discharge of wastewater generated during production and daily activities by constructing sedimentation tanks, laying pipelines for the plant's wastewater production lines, and establishing a water circulation system.
- XMXYG Huanzi Mining has made further investment in R&D of mineral processing wastewater and successfully developed the world's first rapid treatment system for tailings sewage, achieving "zero" discharge of wastewater during production and 100% recycling of wastewater.

- XMXYG Huanzi Mining's invention patent "A kind of rapid sedimentation concentration tank for tailings sewage" won the Gold Medal in the "First China Circular Economy Patent Award"
- The technology of "Land-saving, High-efficiency, Low-cost and Rapid Tailings Wastewater Recycling System and Application" won the second prize of science and technology of China Association of Circular Economy

Waste Management

We strictly abide by the *Standard for Pollution Control on Hazardous Waste Storage*, *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes*, and other relevant requirements to regulate the process of waste disposal management. We make full use of production by-products to introduce relevant partners, and actively explore waste recycling, to reduce the negative impact on the environment.



XMXYG S. O. E. has renovated the hazardous waste warehouse, laid epoxy flooring, and installed activated carbon filtering fans. In accordance with environmental requirements, it authorized qualified processing units to dispose of waste materials such as paint cleaning waste, used oil and pressing oil.

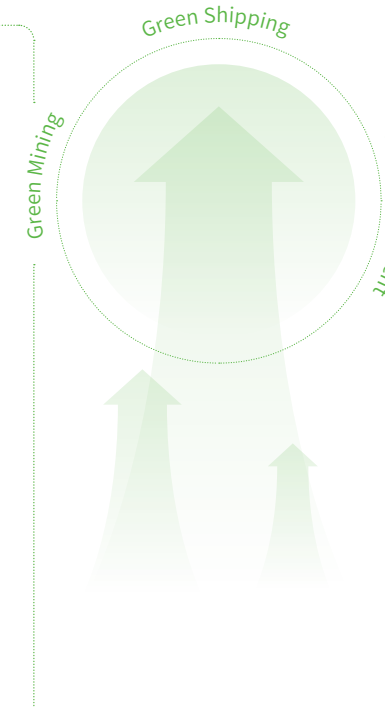
XMXYG PT. OSS project has classified hydraulic oil, waste engine oil, and plastic barrels storing reagents as hazardous waste, and signed agreements with local qualified companies for the unified treatment of these hazardous waste.

Suihua factory of XMXYG Biochemical turns various by-products and co-products into valuable resources. By using by-products and co-products, such as corn sieve residue, corn pulp, corn germ meal, frame sugar residue, and secondary mother liquor of aspartic acid, generated during the production of starch, crystalline sugar, threonine, as raw materials for feed production, the factory has achieved cost reduction and efficiency improvement through resource recycling. This successful experience has attracted other downstream feed production enterprises to settle in the industrial park of XMXYG Biochemical, thus building greater synergy and driving industrial development.

Promoting Industrial Green Upgrading

Adhering to the principles of green shipbuilding, resource optimization, and environmental protection, XMXYG S. O. E. actively promotes R&D of new techniques. By replacing traditional diesel engines with dual-fuel engines, it has constructed the 19900 DWT and 33000 DWT stainless steel chemical ships that combine the power of both traditional fuel and LNG. Compared with ships of the same level, each ship can reduce carbon emissions by 400 tons per year, as well as emissions of sulfur compounds by approximately 80%, nitrogen oxides by 70%, and particulate matter by 60%.

XMXYG Huanzi Mining continues to optimize its production process and has proposed a comprehensive green solution of "circular economy, comprehensive utilization, clean production, and efficient energy conservation" for mineral processing. Through technological transformation, the ball milling capacity is up by around 10%. Based on an annual processing volume of 2 million tons of raw ore, it can save 3.2 million kWh of electricity per year and 393.60 tons of standard coal. Through optimized grinding and grading, the efficiency of the grinding and grading process is improved, with an increase of about 5% in ball milling capacity and an annual saving of 77.85 tons of standard coal. Furthermore, with the application of comprehensive utilization technology of tailings after roasting, the secondary tailings are used as raw materials for cement and concrete, realizing zero emissions of waste pollutants.



To meet the demand of China's new energy strategy, XMXYG S. O. E. proactively enters the offshore wind power field and undertakes the construction of a 1600-ton self-lifting and self-propelled integrated offshore wind power installation platform. The platform can satisfy the installation requirements of offshore wind turbines of over 16 MW and wind turbines with impeller diameters of up to 320 meters. Based on the design value of average power generation over years, a single 16 MW offshore wind turbine can generate more than 66 million kWh of clean electricity per year, which is able to meet the annual living electricity consumption of 36,000 three-member households, save about 22,000 tons of standard coal and reduce carbon emissions by about 54,000 tons.



Dual-fuel powered stainless steel chemical ship

Green Building

Driven by China's dual carbon goals, we keep exploring the optimal ways for human, buildings, cities, and the nature to coexist harmoniously. We integrate the concept of green buildings into the entire life cycle of design, construction, and operation, creating a green, ecologically friendly and livable environment.

Green Architecture

During the planning and design phases, we actively promote the concept of green building, and further advance the application of low-carbon and ultra-low-energy building technologies to meet people's demands for green and healthy living. At the same time, taking fully into consideration the ecological environment of the building's location, we make customized planning and construction, minimizing the impact on the ecological environment.



As of the end of 2022, XMXYG Real Estate

has constructed **8** ultra-low energy projects, **20** sponge city projects, and **23** projects certified by Green About **3.2** million m² of certified green building areas

XMXYG Real Estate builds environmentally friendly communities to practice the green building philosophy

Case Exploring carbon-efficient living space through ultra-low energy consumption

XMXYG Real Estate actively undertakes the construction of ultra-low energy consumption building projects. By using low-carbon and environmentally friendly materials and applying new renewable energy technologies in major areas such as exterior walls, roofs, exterior windows, and curtain walls, it has effectively reduced pollutant and greenhouse gas emissions, providing residents with a comfortable and pleasant indoor environment. For example, the Poetry project and the Panlong Palace project in Shanghai are both estimated to reduce carbon emissions of 1,914 tons per year.



The Poetry in Shanghai

Both the Poetry project and the Panlong Palace project in Shanghai can realize

Energy-saving Lighting

Indoor lighting power density is only about 70% of the conventional energy-saving standard

≈70%

Dual Cooling and Heating System with Fluorine and Water

The IPLV comprehensive AC energy efficiency is about 50% higher compared to the conventional energy-saving building

≈50%

Full Heat Recovery Fresh Air Unit

The enthalpy exchange efficiency of the total heat recovery fresh air unit is not less than 65%

≥65%

The Poetry in Shanghai

- The exterior wall adopts an integrated design of thermal insulation structure to enhance the building's heat insulation performance.
- Energy-saving doors and windows are adopted to improve the stability and controllability of indoor temperatures.
- The fresh air unit with heat recovery can provide indoor fresh air with low energy consumption.
- Application of renewable energy system achieves "self-generation and self-consumption" of energy.

The Panlong Palace in Shanghai

- The building's exterior windows use triple-pane double-cavity energy-saving windows, improving insulation, heat preservation, and soundproofing effects by about 1-2 levels compared to conventional buildings.
- The fresh air unit owns anti-mold and antibacterial functions, with the heat exchange core using environmentally friendly materials.
- Indoor exhaust is recycled to heat and cool the incoming outdoor air, conducting latent and sensible energy exchange, effectively reducing energy consumption from air conditioning or heating.



The Panlong Palace in Shanghai

Case

Urban oasis achieves harmonious coexistence between man and nature

XMXYG Real Estate is committed to finding a balance between the city and the forest. In the design process of the Original Territory project, the natural endowment of the mountains, forests, and lakes were fully considered. Bases on the ecological strategy of "mild intervention, organic growth, scenes creation, and sustainable environmental protection" during the design process, harmonizing the buildings with the approximately 2500 mu of the city's original forest, preserving the diverse landforms of lakes, streams, hills, and rich flora and fauna, achieving a harmonious coexistence between man and nature.



XMXYG Original Territory

Creating a zero-carbon emission scenic area

XMXYG I. D. G., in conjunction with the improvement and transformation project of Dongping Hill in Xiamen, actively participated in the development of "low-carbon" homestays. By implementing energy-saving building renovation projects and promoting the use of green building materials such as straw paint, it effectively utilized existing raw materials such as building stones and unused old wood on-site. At the same time, low-carbon cycling technologies in areas such as transportation, waste management, energy, and forestry were applied, increasing forest carbon sinks and other carbon-neutral mechanisms, helping the Dongping Hill area become the first near-zero carbon emission demonstration area in Fujian Province. In 2022, Dongping Hill Scenic Area was awarded the title of "Two-Star Zero-Carbon Emission Scenic Area" in Xiamen.



Scenic area in Dongping Hill

Green Construction

During the construction process, we hold a responsible attitude toward the environment and the future, and strictly follow the standards of low noise and minimal dust generation. Measures such as adding water mist screens around the site walls, equipping water bubble machines and sprinklers, and using netting to cover exposed soil are implemented to reduce dust around the construction site. Installing soundproof barriers and staggering construction schedules are also adopted to reduce noises, thereby minimizing construction pollution.

¥24.28 million+
Investment in safe and civilized construction
324
Self-inspections for dust control

Green System

In the phase of construction and operation, we make full use of digital systems to achieve comprehensive energy management and intelligent operation, further tapping into the potential for energy conservation and consumption reduction to realize green building operation.

Case

Green office building empowers smart offices

The XMXYG Mansion, which was officially put into use in 2022, strictly followed the three-star rating requirements of the GB/T 50378-2019 *Assessment Standard for Green Building* for planning, design, and construction. The utilization rate of renewable and recyclable materials reached 12.75%, and the proportion of green building materials reached 55%. The indoor concentration of major pollutants was reduced by more than 20% compared to the national standard limit.

During the operation, the building adopts an intelligent building equipment self-control system for the lighting, night curtain wall, electronic screen, pool fountain system, air conditioning, and fresh air unit in public areas. The system was set to automatically switch on and off according to work mode, rest mode, and holiday mode, effectively managing energy efficiency and carbon emissions. At the end of 2022, XMXYG Mansion was awarded the LEED Gold Award by U.S. Green Building Council and was included in the green and low-carbon pilot projects in the field of urban and rural construction in Fujian Province.



Intelligent building equipment self-control system at XMXYG Mansion

Smart zero-carbon emission logistics park

XMXYG Smart Supply Chain Industrial Park plans to utilize the roofs of the 6 warehouses in the north and south areas, totaling 72,000 square meters, to install distributed photovoltaic (PV) power generation equipment, generating green electricity. It is estimated that the total PV installation area can produce approximately 8 million kWh of green electricity per year, which can fully meet the electricity needs of merchants and companies in the park. Any excess electricity is planned to be merged into the grid, with an estimated annual reduction in carbon emissions of 6,700 tons. At the same time, the use of an integrated IoT digital platform enables intelligent management of the park's water, electricity, gas, and other energy use, conducting multi-dimensional analysis on energy use composition, time periods, users, and usage amounts, thereby continuously optimizing electricity usage and reducing energy consumption costs in the park.

Green Finance

We closely follow the national requirements for energy conservation, low-carbon development, and the promotion of a circular economy. We focus on business development in the areas of new energy, new industries, and manufacturing, actively tapping into the green transition needs of partners in the upstream and downstream of the supply chain, exploring a green financial system, and tailoring targeted financial solutions to empower sustainable development of the corporates. In 2022, XMXYG issued RMB 650 million green bonds, raising special funds for green building projects that can significantly reduce carbon emissions.

Green Port

Xiamen is a city built around its port. "Green Port" serve as a critical support for building Xiamen into a high-quality, beautiful, modern, and international city. Xiamen International Cruise Homeport Group, in accordance with the *High-Quality Development Plan for Ports* of Xiamen, upgrades the port infrastructure and strengthens the application of green and low-carbon technologies, thus facilitating the development of green ports.

Building Smart Ports

Xiamen International Cruise Homeport is utilizing intelligent information systems in offices and dispatch rooms to help ships conduct energy consumption detection and analysis, thus reducing carbon emissions during ship operations. Moreover, we are advancing the construction of the phase II terminal building, which will not only achieve 100% coverage of shore power projects for the cruise terminal, but will also incorporate intelligent control for lighting equipment, air conditioning equipment, and elevators, comprehensively reducing equipment energy consumption.

Implementing shore power for cruise ships

Since 2020, Xiamen International Cruise Homeport has been using shore-based power supply system for various types of ships such as Dong Hai Jiu 115, Dong Hai Jiu 113, and Da Yang Hao to provide low-voltage shore power connection services while the ships are docked at the port. This system can reduce the carbon emissions of ships during their port stay by 40% to 70%. The shore power system was awarded the First Prize of Technological Advancement Award of China Machinery Industry Science and Technology Award for the "key technologies of large-capacity shore-based variable frequency systems and industrial application".

At the end of 2022, the shore power system of Xiamen International Cruise Homeport achieved full-load operation and stable power supply for the "Piano Land" cruise ship for 38 hours. Based on calculations comparing the use of 0.5% low-sulfur oil during berthing, the use of shore power reduced by approximately 117.3 tons of carbon emissions, and 2.84 tons of nitrogen oxides, sulfur oxides, and PM1.0, PM2.5 particulate matter. Additionally, it saved 30 tons of fuel consumption for the "Piano Land" cruise ship.

Green Investment

Through the Two-wheel Drive of industrial investment and capital operation, we focus on the new energy industry, and support the rapid development of strategic emerging industries such as the digital economy, bio-manufacturing, and new materials, contributing to the green transition of the economy and society.

Equity Investment

Through subsidiaries such as XMXYG Venture Capital and XMXYG J.H.G., the Corporation has made equity investments in strategic emerging industries such as advanced manufacturing, new energy, new materials, and the information technology industry for military-civilian integration.

Case

The combination of supply chain and finance promotes green transition

Company A is a significant producer in the new energy lithium battery cathode material industry and one of the earliest domestic companies to engage in the R&D and production of ternary precursors. Faced with increasingly fierce industry competition, the company was unable to expand production due to limited capital. To address this pain-point issue, XMXYG J.H.G., in collaboration with XMXYG Co., Ltd., created a comprehensive "Supply Chain + Finance" solution for Company A. On one hand, XMXYG J.H.G. raised funds for the company's ongoing projects through financing leases, addressing its expansion demand. On the other hand, XMXYG Co., Ltd. provided the main raw material procurement and logistics services to ensure the safety of its raw materials and provided working capital support. This formed a deep cooperation model of upstream and downstream full-chain services and equity investment for Company A, serving as a typical example for the development of domestic green and low-carbon industries.

Facilitating relocation and transformation of chemical plant with customized solution

Company B is a chemical enterprise in Jiangsu Province, specializing in basic chemicals and fine chemicals. In order to improve product quality and reduce overall energy consumption, the company planned a relocation and transformation project for its supporting ammonia synthesis series products. Due to the high energy consumption involved, financing channels in the industry were limited. To address this issue, based on the long-term and short-term capital demands, XMXYG J.H.G. customized a financial product with entrusted loans, financing leases and commercial factoring, fully matching the company's needs of working capital and project investment, facilitating its transformation and upgrading. According to estimates, after the project is put into operation, Company B can reduce comprehensive energy consumption by 48,500 tons of standard coal per year, significantly reducing the negative impact of industrial wastewater and gas emissions on the environment.



Xiamen International Cruise Homeport shore-based power supply system



Since 2019

16

Projects been invested in

¥670 million

Total investment

Industrial Investment

We have established a joint venture with Shell Plc to expand the construction and operation of new energy electric vehicle charging infrastructure, creating a comprehensive energy station that integrates refueling, charging, dining, car washing, and photovoltaic power generation.

GREEN LIFE

We actively engage in the wave of green economy, striving to be pioneers of green development and continuously promote the concept of green development to all sectors of society. We advocate green offices, and carry out a variety of environmental activities, joining hands to create a green and low-carbon society.

Promoting Green Workplace

We actively promote green office practices. To create a green and comfortable workplace, we reduce the use of disposable office supplies, advocate water and electricity conservation, paperless office, and green commuting, helping employees develop good environmental habits in their daily work.

Paperless Office

By implementing paperless office initiatives, such as eliminating the use of disposable paper cups in the office area, reducing paper and paper products waste, as well as issuing electronic invoices with a total of 26,672 electronic invoices throughout the year, we have effectively decreased paper consumption and carbon emissions.

Remote Video Conferencing

We provide more efficient, convenient, and economical remote video conferencing services for employees and partners of the Corporation. In 2022, we held a total of 48,144 online conferences, with a total meeting time of 195,609.63 hours, reducing carbon emissions arising from travel on business.

Publicizing Green Concepts

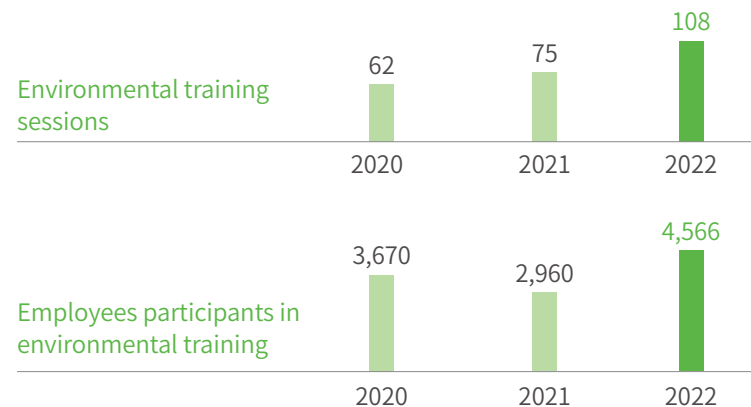
We stay firm to the path of green, circular, and low-carbon development. We conduct environmental promotion, organize environmental training, and carry out environmental activities for employees and the general public, publicizing green concepts and values and actively practicing a low-carbon and green lifestyle.

Launching Environmental Promotion

Through bulletin boards, WeChat official accounts, and themed activities, we vigorously promote knowledge related to ecological civilization development, environmental protection, and air pollution prevention and control.

Organizing Environmental Training

Focusing on the development of employees' environmental knowledge and skills, we conduct a variety of environmental training activities to enhance their awareness and ability in environmental protection.



Poster on World Environment Day

Organizing Environmental Activities

- Every year, in the first week after the Spring Festival, we organize the "One-Day Car-Free" event, encouraging employees to use public transportation for commuting.
- Active participation in afforestation has been a tradition in XMXYG. Every year on the National Tree-Planting Day, we conduct voluntary tree-planting activities. Over 35,000 trees have been planted in the "XMXYG Forest" in total.
- In 2022, the Corporation held the "Green Youth, Guarding Beautiful Xiamen" themed event on environmental protection, issuing seven environmental initiatives to all employees.
- In 2022, subsidiaries organized education on waste sorting and carried out themed activities.
- In 2022, we carried out the "Civilized City, Clean Home" activity, with the XMXYG volunteer service team engaging in garbage cleaning on the streets of the city.



WIN-WIN COOPERATION

A just cause finds great support, and a journey with many companions gets far. In response to the national strategy for innovation-driven development, we work assiduously to integrate the digital economy with the real economy, facilitate the digital upgrading of industries, and allow more partners enjoy the benefits of digital applications. We firmly believe that "a partnership forged with the right approach defies geographical distance", and are committed to the XMXYG model of building platforms and promoting win-win results to boost social and economic development.



Contribution to SDGs

FOSTERING INNOVATION

Innovation is a key drive for the leap-forward development of an industry. On grounds of market changes and evolving demands, we vigorously embrace advanced technologies, ideas and management models, and continuously innovate our technologies, products and services to live up to customers' expectations and lead industrial transformation.

¥38.7 billion

Total investment in agricultural industry chain by XMXYG as of the end of 2022

111 towns and 645 villages are covered

by the "Xingxing Xiangnong" app, a crucial product of agricultural industry-level Internet platform, with registered users exceeding 37,690 and assisted crop

yield reaching 645,500 tons, 2,014 growers have had contracts signed

¥1.6 million have been approved by LiangLianTong's inclusive agricultural finance

Overall storage capacity of grain exceeds

13 million tons and daily drying capacity reaches 120,000+ tons

Storage of state grain reserves on average per year and in peak seasons

stand at 4+ million tons and 13+ million tons respectively

In logistics, intermodal freight capacity of northern ports and southern ports reach 10+ million tons and 8+ million tons respectively and the annual freight capacity of dedicated rail links attains 600,000 tons. The total volume withdrawn from state grain reserves

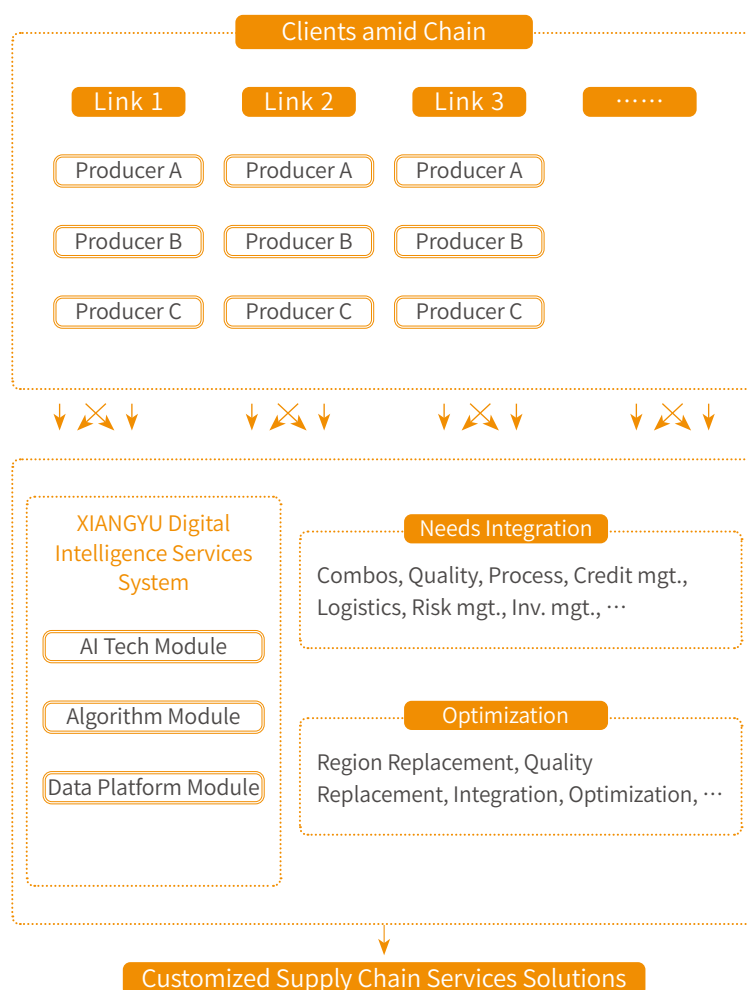
stands at 13.5 million tons

The annual deep processing capacity of corn reaches 3.5 million tons, with the annual production volume exceeding 3.5 million tons. We are also the top three provider of starch, crystalline threonine and tryptophan by market share in the national sugar and domestic industry

Model Innovation

Innovation in Supply Chain

To further promote the integration of advanced technologies such as big data and AI with the supply chain, we have established XIANGYU Digital Intelligence Services System. The System can access manufacturers' procurement and sales systems, forecast customers' needs and inventory status, and match commodity supply channels, thereby resolving the problem of "temporal-spatial mismatch" and providing the optimal supply chain solution for customers with higher-efficient resource allocation and lower distribution costs.



Case

Innovating the Whole Agricultural Industry Chain Service System for the Development of the Grain Industry

Based on the current development situation of agriculture in China, including the spatial imbalance between grain production and distribution, small, scattered and weak business entities, and professional and complex distribution channels, we focus on easing the difficulty of grain sales for farmers, opening up the project of "North to South Grain Diversion", extending the grain industry chain and other service points. In addition, by utilizing an industry-level agricultural internet platform that connects various links in the grain industry chain, we have formed the agricultural industry chain comprehensive service system with the characteristics of Xiangyu, which is "integrated with seed and fertilizer services, agricultural planting, grain storage, logistics transportation, raw material supply, grain processing and agricultural finance". This system effectively addresses challenges in the grain industry chain, providing crucial support for the development of the agricultural industry.

Planting Phase

We work to form an industry alliance for grain planting that provides agricultural financial futures insurance, agricultural means of production such as seeds, fertilizers and farm machinery, as well as various services like agricultural technique guidance and the planting from online order. All these efforts effectively assist farmers in risk prevention and address challenges in the planting process.

Deep Processing Phase

We have built three major deep processing industrial parks in Fujin, Beian and Suihua. These parks feature the largest monomer corn starch production line in Asia and the world's largest production line for tryptophan and threonine. This advancement drives the grain industry chain business into a field of high economic value, driving regional economic development.

Storage Phase

With the aim of establishing a grain warehouse point alliance, we have built seven modernized grain storage and logistics centers in key grain-producing areas such as Fujin, Beian, Suihua, Yan, Wudalianchi, Nenjiang, and Nehe. In addition, with a focus on implementing standardized grain storage practices, we have over the past two years provided the service of off-site storage of local grain reserves in Fujian and Guangdong provinces successively. Through services like the "LiangLianTong" and the "Second Pricing" settlement model, we keep helping farmers in increasing their income and solving grain sales challenges.

Sales Phase

With direct train links dedicated to sales and stable sales network, we are able to supply over 10 million tons of raw materials annually to large-scale breeding, feed, and deep processing enterprises, such as Wen's Foodstuff Group Co., Ltd., Shuangbaotai Group Co., Ltd., Haida Group Co., Ltd., and Yihaikery Group Co., Ltd.

Logistics Phase

We establish a logistics channel that integrates land, rail and sea systems and links 15 major ports nationwide, achieving a comprehensive layout of "North to South Grain Diversion" and covering categories such as corn, rice, soybeans, wheat, sorghum, barley, protein meal.

The case of "ensuring national food security by developing a digital agricultural integrated service system for the entire industry chain" was awarded the **first prize for China Enterprise Advanced Management Innovation**.



XMXYG A. G. R. I. has built seven modernized grain storage and logistics centers in key grain-producing areas

Multi-modal Transport System for Bulk Commodities

By allocating logistics resources and mapping out strategic nodes, we have developed a visualized and traceable artery network synthesizing rail and water combined transport, short-distance road transport and warehousing infrastructure, and a networked intelligent logistics service system covering the entire country and connecting with overseas networks, which have helped reduce costs and raise efficiency across the board and contributed to environmental protection.

In 2022, the business volume of ferrous metals, aluminum, stainless steel, grain, thermal coal and new energy materials were **76.75 million tons**, **21.74 million tons**, **16.06 million tons**, **14.46 million tons**, **53.96 million tons** and **210,000 tons** respectively

• **Highway:** There are over **1,300** self-owned vehicles and **57,000** social vehicles, with an annual transportation capacity of over **9 million tons**

• **Railway:** It operates **14** railway freight stations, supporting **47** special railway lines, more than **2.2 million m²** of container yards and warehouses, and more than **25,000** self-contained containers, with an annual shipping capacity of over **35 million tons**

• **Water transportation:** We established strategic partnerships with high-quality port and shipping enterprises under China Merchants Port, Shandong Port, COSCO Marine, Qingdao Port, Lianyungang Port, and Rizhao Port, and integrated transportation capacity to achieve an annual transportation capacity of more than **25 million tons** for domestic coastal areas and the Yangtze River Basin

• **Storage:** Our storage capacity exceeds **13 million tons**, equipped with **9** special railway lines; **45** self-owned and chartered warehouses with an area of over **1.5 million m²**; **8** yards, covering an area of over **450,000 m²**

○ **A stable network**
We have mapped out multi-dimensional logistics resources, and strengthened control over key and scarce logistics nodes. A multi-modal transport network has been built with transit hubs as the key nodes and bulk commodity warehouses and yards as the core nodes.

○ **Smooth multi-model channels**
We have launched waterway and railway trunk lines and networks, a domestic logistics network connecting Central China and West China, North China and South China, and an international network synthesizing highways, railways and seaways to bridge the production and sales regions.

○ **Digital empowerment**
We have utilized such advanced technologies as IoT, big data and blockchain to raise the intelligent level of logistics services at 40 warehousing nodes and in international multi-model transport lines.

○ **Industrial collaboration**
We have enhanced coordination and integration between upstream and downstream enterprises in supply chain, introduced relevant industries, and leveraged the advantages of platform infrastructure to create synergy.

○ **Professional services**
We have built information exchange channels in logistics chain, and combined resources to construct a closed-loop integrated logistics services network.

Innovation in Integrated Financial Services

The real economy is our main business. By means of factoring, leasing, funds, guarantees, loans and asset management, we offer innovative, flexible, convenient, timely, and multifarious financial services to core customers within the industry chain.

Case Industry-finance collaboration creates an integrated solution

Company C demanded a batch of domestic trade bulk carriers, requiring large amount of financing. Without a letter of guarantee signed by shipyard, the project encountered a bottleneck. To meet the demand, XMXYG J.H.G., in cooperation with XMXYG S. O. E., developed a "shipbuilding + financing" integrated solution on the basis of industry-finance integration. In the end, the subsidiaries together delivered the first energy-efficient domestic trade bulk carrier with the largest tonnage in China to the customer.

Innovation in Livelihood Services

Property services: To facilitate urban development, XMXYG Real Estate Group Co., Ltd. has been meticulously researching on urban residential needs in the new era, and has launched a product and service framework represented by "Happy Life" and "Happy Home" to provide residents with happy living experience with famous-brand quality.

Case

2022 Community Renovation Plan launched

Delivery is not the end, but a start to a better life. In 2022, XMXYG Real Estate Group Co., Ltd. launched the Community Renovation Plan to improve the community environment and supporting facilities, meeting proprietors' needs and increasing the added value of their properties. Throughout the year, the company maintained 1,728 infrastructure facilities, constructed 145 supporting facilities, renovated 409 transport facilities, maintained 56,510 m² of lawn area, repainted walls for 177 times..., fostering a convenient, beautiful, green, warm, harmonious and safe living environment for the owners.

Ten attentive service systems create premium life

Quality services support a better life. Upholding the idea of "leading a premium life", XMXYG Real Estate Group Co., Ltd. has built ten warmth-sending service systems after thoroughly investigating customers' demands. With unremitting efforts, the company strives for higher-efficient basic life services and optimal human-centered support, making premium services available for every customer.



Cultural and Tourism Service: Xiamen International Cruise Homeport Group remains committed to the vision of becoming a world-class investor and operator of port city cultural and tourism services, an enterprise that the company deems worth putting effort into. The company, relying on the unique geographical advantages of Xiamen, has built a mountain-sea-village integrated tourism model. Moreover, the company keeps innovating its service model, improving service quality, and raising the cultural and tourism brand influence, thereby contributing to the high-quality economic development of the city.

Case Cross-border cooperation vitalizes cultural and tourism industry

Xiamen International Cruise Homeport Group is dedicated to diversifying cultural and tourism scenarios, and reinvigorating the market in cooperation with the finance and technology sectors. In September 2022, the company, together with the Xiamen Branch of the Postal Savings Bank of China, held the one-month "Gulang Island DCEP" Gala. The organizers gave out a large amount of DCEP red packet to participants, which could be spent in a variety of activities during the Gala, such as "Starlight Live", "Creative Market", "Study on Gulang Island", "Online Moon Cake Gambling" and "Enjoy the Sunset".



The opening ceremony for "Gulang Island DCEP" Gala

Case Upgraded maritime cultural tourism services

In 2022, Xiamen International Cruise Homeport Group accelerated the port transformation and upgrading. The company utilized the optimal resource portfolio to create high-quality products and services, and provide passengers with premium maritime cultural travel experiences.

- Establishing a comprehensive service system** • Propose "Sailing Together, Delivering Care" as the service slogan. Establish human-centered service goals and relevant service standards.
- Renovating infrastructure** • Launch the expansion and renovation of tourist piers.
- Optimizing customer group analysis** • Recommend travel products according to customers' profiles. Provide all-in-one service integrating traveling, eating, drinking, shopping, entertainment and living. Optimize travel experience.
- Diversifying cruise products** • Integrate resources to offer a wider range of products such as premium Northeast rice and high-quality alcoholic beverages to Charming, COSCO Star, Dong Hai Jiu 115, and Jia Gen.
- Improving service quality** • Introduce a comprehensive information management platform to guarantee end-to-end customer service accountability and raise service quality.

Technological Innovation

XMXYG is committed to enhancing R&D strength and pursuing advanced techniques. The Company synthesizes resources to enhance the dual drivers of external collaboration and independent innovation, thus contributing to sustainable corporate development by technological innovation.

¥ **175** billion
Investment in R&D

12
Ongoing research projects

172
Patents owned in shipbuilding, biotechnology, mineral smelting, sewage treatment, and desulfurization for waste gases

Case XMXYG Biochemical's R&D Centers harvest achievements

To enhance innovation capacity, XMXYG Biochemical established R&D centers in Harbin, Suihua and Bei'an to conduct research on technological innovation. By the end of 2022, the centers have built five functional platforms for synthetic biology engineering, detection and analysis, functional feed development, multi-scale fermentation process development, and biotechnology transformation. As a result, the company has developed a closed-loop research system for amino acid products from strain modification to large-scale production, and a development system for value-added by-products.



XMXYG Biochemical's researcher is conducting an experiment

- In 2022, XMXYG Biochemical developed the world's first environmentally friendly valine product, a leap forward from the primary stage of corn preliminary processing to the tertiary stage of bio-economy.
- XMXYG Biochemical has completed the independent innovation project of "Development and Application of Low-carbon Production of Crystalline Sugar", integrating such technologies as waste heat recovery, saccharification of high-concentration corn starch, high-temperature and high concentration crystallization, and an intelligent control system. As a result, the performance indicators have approached the advanced world level and passed Heilongjiang Mechanical Engineering Society's assessment of scientific and technological achievements.
- XMXYG Biochemical participated in the formulation of group standards for isoleucine, industry standards for L-Threonine, L-Tryptophan, branched-chain amino acids, etc.

ADVANCING DIGITALIZATION

In response to the call of the country to boost the development of the digital economy, we strive to facilitate smooth data exchange between industries, relying on digital innovation and business platforms, and satisfy our customers' evolving demands and expectations, thus fostering new advantages of the digital economy and achieved a win-win result.

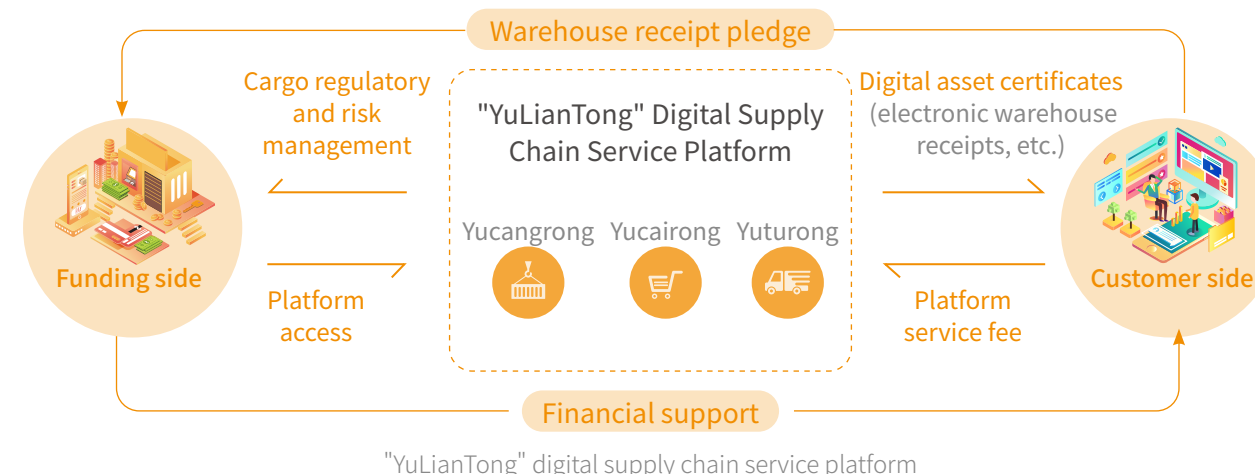
Digital Supply Chain Services

Focusing on customer needs, XMXYG is vigorously promoting digital transformation. The Company has built a number of digital supply chain integrated service platforms, including "YuLianTong" digital supply chain service platform, smart logistics service platform, Industrial-level Internet Platform for Agriculture and online freight transport platform. Moreover, we have innovatively developed a distinctive whole industry chain service model, offering a digital supply chain solution for the manufacturing sector, contributing to the development of commodity supply chain in China.

"YuLianTong" Digital Supply Chain Service Platform

Micro, small and medium-sized businesses have long faced financing difficulties due to a lack of effective collateral. To help financial institutions complete the credit assessment of MSMEs, overcome post-loan management challenges, and lower the supply chain financial risks, we have created the "YuLianTong" digital supply chain service platform based on our comprehensive resource integration capacity, multi-dimensional logistics resource layout, and digital risk management system. As a trusted data intermediary between financial institutions and MSMEs, the platform helps broaden financing channels for MSMEs, lower their financing costs, and streamline financing processes, contributing to the development of the real economy.

- The unmanned weighing houses in Yulin Xiangdao International Logistics Park have helped reduce the residence time for delivery vehicles from 6 minutes to **2.5 minutes**, increasing **60%** of logistics efficiency. Additionally, the weighing time of every single trip in Shaanxi, Anyang, Xinjiang, and Sanmenxia has fell sharply to **30 seconds** from the original two and half minutes, boosting efficiency by nearly **75%**
- By the end of 2022, XMXYG Zhiyun, our online freight transport platform gathered **40,000** social vehicles and transported over **4.7million tons** of cargo
- With a total of **1,428** users, "YuLianTong" digital supply chain service platform has obtained special credits worth **RMB 9 billion** for customers and **RMB 1.1 billion** of financing during the reporting period



Smart Logistics Service Platform

By leveraging such technologies as IoT, big data, and AI, we have accelerated the real-time monitoring and optimization of the entire logistics process, including transport and warehousing management, and promotes real-time data sharing across all segments of the supply chain. This improves data accuracy and transparency, enabling customers to predict demand, control inventory, reduce out-of-stock risk, quickly respond to market changes, and enhance competitive advantages.

Case XMXYG Superchain builds a digital warehouse management system

XMXYG Superchain has built a smart logistics platform with a digital warehouse management system to improve logistics services efficiency and cargo rights security.

Intelligent processes

The company has built automated barriers equipped with mobile scanning devices, and implemented the whole-process intelligent management of "storage, inventory, and delivery". As a result, the entering, weighing and leaving times have been shortened by 50% and 75% respectively.

The paperless operation has been put into service in 24 digital warehouses for 2 years. Leveraging IoT technology devices such as high-speed scanners and intelligent barcode scanners, the digital warehouse has achieved integrated handling of processes including document scanning, file archiving, and scan-to-pay. A total of 113,000 documents have been processed through this unified window.



XMXYG Superchain's digital warehouses realize intelligent storage, delivery and freight forwarding with mobile scanning devices

Online services

The electronic signature platform has been introduced to make the whole document circulation more digital and traceable. The application rate of the electronic signature platform reaches 95%.

Blockchain electronic warehouse receipts are used to ensure the authenticity of warehouse receipts and signing intentions, and improve customers' reliability and the circulation efficiency.

Customers can check the warehouse inventory on PCs, WeChat official account and mobile applications.

Visualization of cargo rights

An IoT platform based on blockchain, AIoT is established to enforce the "visible, manageable and in-time warning" cargo rights control mechanism.

The warehouse inspection data is stored on cloud with the support of video surveillance and recognition, electronic fencing and other technologies, to facilitate real-time and previous inquiries and guarantee the safety of cargo rights.

More Efficient Online Livelihood Services

Amidst the tide of mobile Internet, we are dedicated to constructing online digital service platforms, and transferring the traditional physical businesses, such as auto service and real estate service, to online platforms. We use big data to improve service efficiency and user experience, and boost consumption with the support of digital technologies.

Case XMXYG J.H.G. upgrades its auto financing system

To address such issues as the slow approval of traditional automotive finance leasing, XMXYG J.H.G. has upgraded its service system, which can offer such online intelligent services as online applications, smart approvals, electronic contracts and automatic disbursements. As a result, the overall approval time has been reduced from over 72 hours to less than 24, significantly improving service efficiency and user experience.

Case

The big data project of XMXYG real estate

In 2022, XMXYG Technology and XMXYG J.H.G. jointly launched a self-developed real estate platform big data project, using big data and analysis methods to comprehensively and accurately assess the real estate market. Its data system synthesizes property price indexes, land use plans, market transaction data, etc. By providing in-depth insights and data support for the real estate market, it helps optimize resource allocation and enhance decision-making efficiency. The system deals with credit assets worth over RMB 18 billion each year.

"Happy Home" online sales platform released

Committed to improving house-purchasing experience, XMXYG Real Estate has unveiled an online sales platform "Happy Home" with online contract-signing service. Its property consultants on the platform can offer customers more details with multimedia material, so that they can easily grasp the information of the projects on sale nationwide at home, keep up with the changes in house prices in seconds, and maintain contact with consultants. "Happy Home" has made house purchasing more convenient. In 2022, the company's 2,496 apartment units under 9 projects were purchased online.

Digitalization of Production and Operation

In pursuit of efficient production and operation through digital and intelligent solutions, we utilize intelligent management tools and systems in trade, logistics, and import and export business to optimize the processes and raise efficiency. Furthermore, Research Institute of IoT undertook Xiamen's Second-Level Node of Identification and Resolution System for the Industrial Internet, building momentum in industrial digitalization.

Case

XMXYG Biochemical upgrades its transport management system

XMXYG Biochemical has built three grain deep-processing industrial parks in Fujin, Bei'an and Suihua, and introduced bio-fermentation, bio-synthesis and new material enterprises using starch milk, starch sugar and by-products of starch as raw materials. As a result, the company formed a model for constructing industrial parks integrating intelligent warehousing and logistics. In 2022, XMXYG Biochemical launched the TMS Phase II on the basis of its external online logistics management system. The TMS Phase II can connect the data flow from the factory to container yard, port of loading and port of destination, covering the receipt, logistics and freight flows. By upgrading processes, the company has realized refined, intelligent and automated management, raising efficiency for customers. Customers in food, pharmaceutical, sugar, and amino acid fermentation sectors can make orders on the mobile App, saving up to 180 hours per month. The upgraded system also has the reservation function, which can help avoid vehicle queues for factory pickups and optimize factory assembly capacity, saving three minutes for each vehicle.

IoT digitalizes enterprises and empowers intelligent manufacturing

In August 2022, Xiamen's Second-Level Node of Identification and Resolution System for the Industrial Internet, undertaken by Research Institute of IoT, became fully operational. The platform combines such new technologies as block chain, AI, big data, IoT and metaverse, and has launched pilot applications in production management, product management, product sourcing, supply chain management and marketing. It assists industry players and developers in constructing identification scenarios for the industrial internet and in facilitating digital transformation, and has solved the issues associated with data collection, production management, supply chain sourcing and energy control.

By the end of 2022

391
Platform enterprises
accessing the
platform

370 million
Identifications
registered

18.62 million
Resolutions executed

120,000
Resolutions executed every day on average

FACILITATING MUTUAL DEVELOPMENT

We leverage our strong market resource integration capacity to enhance cooperation and exchanges with the government, universities and commercial entities of all kinds in the supply chain, in a bid to build a new paradigm of cooperation of mutual learning, resource sharing, communication and common development.

Business Cooperation

We have fostered healthy partnerships with a batch of international leading enterprises and built smooth upstream international procurement channels to bring in premium overseas resources. Furthermore, we continue to explore new space of cooperation on domestic commodity business, bulk commodity logistics, supply chain financial services and talent exchanges, in a bid to deeply integrate in and serve the new development paradigm. We are and will strengthen connection and exploration of domestic and international market and the capacity of combining both the resources, blazing a new path for win-win development with global partners.

Optimizing international logistics capacity



XMXYG Zhiyun signed a strategic memorandum of cooperation with Mitsui & Co., one of Japan's largest general good traders, to create new values in global logistics vehicle market and after-sale services.

Guaranteeing national energy resources supply



Xiangyu Logistics Group signed a strategic cooperation agreement on the iron ore business with Rio Tinto Group, one of the world's Top 3 iron ore giants, in order to further expand the supply chain and service chain and raise service quality.

Strengthening cooperation along the Belt and Road



Xiamen Xiangyu Free Trade Zone Development Co., Ltd. signed a strategic agreement with China Pacific Insurance (Group) Co., Ltd. on jointly establishing a cross-border e-commerce insurance innovation base.



XMXYG CORP. signed a strategic memorandum of cooperation with Dexin Group to deepen cooperation on major Belt and Road projects.

Serving national food security strategy



Xiangyu Logistics Group signed a strategic cooperation agreement on agricultural products with ADM, one of the world's Top 4 grain traders, to expand trade in soybeans, sorghum, corn and other agricultural products.

Enhancing "supply chain + finance" model



XMXYG CORP. signed a strategic cooperation agreement with Postal Savings Bank of China to leverage financial services to support business transformation and upgrading and raise both quality and efficiency.

Government-enterprise Collaboration

XMXYG vigorously undertakes responsibilities as shouldered by a state-owned enterprise to serve regional economic development. We strive to seek a common ground between market demand and government objectives, and conduct extensive communication and cooperation with the government on supply chain services, inland port construction, industrial investment layout, product processing and trade. Our goal is to expand the coverage of our services and further contribute to regional development.



We have built a supply chain service platform with several provincial SOEs in Hubei, and established Hubei Chuxiang Supply China Group Co.,Ltd. to facilitate the construction of the supply chain in Yangtze River Delta area.



XMXYG Co., Ltd.'s regional headquarters settled in Chengdu, Sichuan, further consolidating the edge of XMXYG's logistics system, and improving business layout.



We signed a strategic cooperation agreement with Jingmen Municipal People's Government to explore potential collaboration in supply chain service, inland port construction and industrial investment, and jointly construct a modern logistics and supply chain system.



We signed a strategic cooperation framework agreement with Liaoyang Municipal People's Government to develop local aluminum industry chain, and foster cooperation with local businesses working in aluminum processing and trading, energy and chemical industries.

Industry-university-research Collaboration

XMXYG has adopted the approach of collaboration among enterprises, universities, research institutes, and other organizations. The Company, in cooperation with well-recognized universities and research institutes, is vigorously exploring a long-term mechanism for talent cultivation by means of industry-university-research collaboration. We have established joint cultivation bases, and conducted cooperation on special-purpose R&D projects to facilitate industrial development.



We rolled out exchanges with Huaqiao University



XMXYG Biochemical has established a joint cultivation base with Tianjin University of Science and Technology

Industry-university-research collaboration achievements in 2022

- We fostered comprehensive strategic cooperation with Huaqiao University on advancing the Talent Cultivation Project of XMXYG PT. OSS.
- We established a graduate practice base for students majoring in biological and pharmaceutical engineering jointly with Northeast Agricultural University.
- We established a joint cultivation base with Tianjin University of Science and Technology.
- We signed a strategic cooperation framework agreement with Heilongjiang Academy of Agricultural Sciences.
- We conducted industry-university-research cooperation with Changsha Research Institute of Mining and Metallurgy Co.,Ltd., and independently developed a flat-ring magnetic separator for tailing treatment.
- We undertook the key national research and development project of "Green Bio-manufacturing" with Jiangnan University and China Academy of Sciences.
- We cooperated with Northeast Agricultural University on the "Research on Improving the Digestibility of Corn By-Product Fermented Feeds and Toxin Vomit Degradation Technology".
- We cooperated with Beijing Institute of Technology on the "Development of High-Yield Tryptophan-Producing Acid Bacterial Strains" project.
- We cooperated with Heilongjiang Academy of Agricultural Sciences on the "Development of Bio-fertilizers" project.



RESPONSIBILITY FULFILLMENT

We always consider that the foundation for building the Corporation is to contribute to socio-economic development. Centering around our primary businesses, we connect the world with our global supply chain, and advance the building of a community with a shared future for mankind through the internationalized strategies. Meanwhile, we actively respond to the national strategy, promote coordinated regional development and rural revitalization, and advance social welfare and voluntary service services, striving to expand a happy living environment for the people.



Contribution to SDGs

CHAINS TO THE WORLD

We actively integrate into the wave of globalization, vigorously promote the internationalized strategy, and closely follow the needs and steps of our customers in the way of "borrowing a boat to go out to sea". We expand the fields of cooperation across regions and countries involved in the Belt and Road Initiative, continue to advance the business pattern of "global procurement and global distribution" to achieve the effective allocation of global resources, contributing to the economic, environmental and social development across the board in these countries and regions.

Consolidating Foundation Overseas

Leveraging our own strengths, we proactively build our business presence at individual areas with potentials in the overseas market, expand supply chain businesses by linking up these individual areas to open up international logistics channels, thus laying the foundation for internationalized development.

In 2022, the amount of international imports and exports represented a year-on-year increase of 28%, reaching

US\$ 16.44 billion

The total amount of exports

increased by **56%**

The import and export trade

covered more than **120**

countries and regions. In 2022, the volume of international bulk cargo shipping reached nearly

10 million tons

The volume of international container shipping reached

30,000 TEU

The volume of international freight trains exceeded

20,000 TEU

Building a Firm Foothold with International Business Presence

As a global supply chain service provider, we expand our business territory across regions and countries involved in the Belt and Road Initiative by following the development needs and pace of our core customers; and as a global commodity trader, we proactively build our business presence at individual areas with potentials in the overseas market. As of the end of 2022, we have set up nearly ten platform companies in the Hong Kong SAR of China, the United States, Vietnam, Singapore and Indonesia with global presence in the Americas, Asia and Oceania, providing strong support for the promotion of internationalized businesses across these regions.

Opening up Global Logistics Channels

Based on the need to ensure the security and stability of the industry chain and supply chain and to create a new pattern of development, we have built up a full-process international logistics service capacity through forward-looking strategy and digital intelligence empowerment. On the one hand, we focus on regions with high resource dependence to build logistics network of multi-model transport modes in advance. At present, we have built logistic lines comprising of international shipping routes including "China-Indonesia", "China-Vietnam", "China-Thailand", the international freight trains including, China-Central Asia, China-Europe, and the dual-channel rail-sea express lines. On the other hand, we step up efforts to promote the positioning of overseas warehouses, jointly setting up more than 10 overseas warehouses located in Haiphong and Ho Chi Minh City of Vietnam, Rotterdam of the Netherlands, Dubai of the United Arab Emirates, and Jakarta of Indonesia, etc. Relying on these networks and platforms, we have established an international, industrialized, and green logistics solution for the full process of industry chain and a multi-model transport system with XMXYG characteristics that covers Asia, the Americas, and Oceania, which effectively promote the cost reduction, efficiency enhancement and high-quality development across all segments of the industry chain.

Precisely Targeted Services

Drawing on the advantages of our primary businesses of commodity supply chains, we expand the industry chain by developing the supply chain business of consumer goods, and promote the effective implementation of our internationalized strategy through foreign trade and overseas investment, thus contributing to the security and stability of the national supply chain.

Developing a Global Supply Chain Service Network

We give full play to our commodity business advantages and logistics resources capacity, continue to develop supply chain channels for energy and chemicals, agriculture and forestry, metals and minerals, and new energy products centering around our main business of bulk commodities, with an aim to effectively guarantee the security and stability of the supply chain.

Energy resource

We actively serve the strategic goal of national energy security and make steady progress in the coal supply chain. On the one hand, we bring in overseas coal resources and have established a coal import resource channel between China and Mongolia; on the other hand, we have built a stable and high-efficient international energy supply chain logistics and transportation system in Southeast Asia, Australia, the Americas, Europe and other regions, so as to forge a solid shield for energy security in our country. We also work with leading Indonesian shipping companies to develop domestic coal shipping business in Indonesia, providing effective solutions to the energy resource logistics difficulties of Chinese companies in Indonesia.

Agricultural and forestry products

Food security is an important foundation for national security. We have comprehensively expanded international food source channels and built a diversified import model, with our food import business covering more than 80 countries and regions, providing strong guarantee for China's food security. In terms of forest products, we have built a comprehensive service system for forest products integrating logging, distribution and supply chain services by focusing on forest resources in New Zealand, Europe and South America, striving to ensure the stability of China's timber supply chain.

Metal and mineral products

We have established large-scale metal and mineral supply channels in Singapore, Indonesia, the United States, Vietnam and other countries; through the in-depth cooperation with many international iron ore leading companies, we have expanded inland logistics services extending to mines in Africa and opened up the door-to-door logistics route from the mines in the Democratic Republic of the Congo (DRC) to China; focusing on ferrous metals, aluminum and other core products, we have opened up international logistics channels for metal products in the Americas, Africa and Southeast Asia and other regions to ensure the supply of metal mineral resources.

Extending the Values of the Industry Chain

In order to enhance the management service capacity for the entire supply chain, we comprehensively deepen the strategic cooperation across the industry chain to invest and operate stainless steel smelting, shipbuilding, deep processing of grain, mineral resources development and utilization and other manufacturing enterprises. At the same time, we actively integrate into the construction of overseas regions to realize the high-quality development of the economy, environment and society of the places we operate in, so as to facilitate and empower the high-quality overseas expansion of manufacturing industries.

Case

Boosting the grain export trade with integration of agriculture and manufacturing businesses

XMXYG Biochemical's large-scale grain deep-processing parks make concerted efforts with overseas business platforms to sell high value-added products to the world by promoting the export of amino acids, starch sugar, feed and other series of products. XMXYG Biochemical maintains long-term and stable cooperation with many international customers including Tate & Lyle and Mars. The Amino acid business has covered major regions including the Union States of Asia, the Americas, Oceania, Africa, with products sold to nearly 50 countries, and the monohydrate sugar products have been sold to over 80 countries across the regions of the Union States of Asia, the Americas, Oceania, Africa, EU. As of 2022, XMXYG Biochemical recorded the annual export volumes of 32,000 tons of crystallized sugar, about 26,000 tons of threonine, and about 3,000 tons of tryptophan.

Imports of agricultural products increased about

twofold year-on-year to **2.07 million tons**

Invested in forest areas of more than

5,000 hectares

Annual production capacity of nearly

250,000 tons

Total coal supply chain imports **23.6 million tons**

Accounting for about **8%** of the country

Selected into the list of **national key enterprises to guarantee the supply of thermal coal (first batch)**

The import and re-export operation scale of mineral

resources reached **28.53 million tons**

The supply of lithium carbonate ranked

Top 5 in China

Lithium salt business volume ranked **Top 3**

in the country

The cobalt imports accounted for more than

10% of the country

Aluminum supply chain export value YOY increase

over **360**

Ferrous metal supply chain export value YOY

increase **67%**

Plastics supply chain export volume YOY increase

60%

Case Promoting China-Indonesia sustainable cooperation in production capacity to realize a win-win situation in value creation

In cooperation with a leading stainless-steel company, we have invested in a 2.5 million tons stainless steel smelting integration project in Indonesia to further promote international production capacity cooperation. During the operation of this project, we focus on long-term benefits and environmental and social risks control, cooperate with the local government, enterprises, the public and other stakeholders to cope with and reduce risks by actively applying innovative measures, making important contributions to the development of local industries, employment of local people, and improvement of local infrastructure based on joint construction, shared benefits and win-win cooperation.

Economic benefits As of the end of 2022, the project produced 3.2+ million tons of stainless steel, driving an import and export trading volume of US\$10+ billion and a total revenue of ¥100+ billion across the whole industry chain.

Environmental benefits As of the end of 2022, a total of nearly 50,000 green plants and flowers had been planted, covering an area of 140,000 square meters. The recycling of hot smoke and dust is utilized for power generation. The project incorporates advanced domestic RKEF+ molten iron delivery integrated steelmaking technology, achieving significant energy savings and consumption reduction. Strict adherence to current environmental standards and regulations in Indonesia is maintained, with continuous monitoring of air, water quality, noise, and other environmental factors in the project's surrounding areas. The project has received certification from the National Accreditation Committee of Indonesia.

Social benefits The project has directly created over 16,000 job opportunities for the local community in Indonesia. As of December 2022, it had helped build over 50 kilometers of roads and construct 16 bridges in the local Indonesian area.

Key Honor This project has become a landmark project for Xiamen's state-owned enterprises to "go aboard" to carry out international cooperation in resources. It has also been officially recognized by the National Development and Reform Commission (NDRC) as a key project under the "Belt and Road" initiative.

Opening up the Import and Export Channels for Consumer Goods

Our goal is to meet the people's aspirations for a better life. Relying on the advantageous geographic location of Xiamen and its proximity to Taiwan, we tap into the cross-border supply chain market of consumer goods for people's livelihood, provide consumers at home and abroad with smooth import and export channels for overseas brands, and promote the globalization of the consumer goods supply chain.

- Facilitate the children's clothing products to connect with **35** cross-border platforms at home and abroad, hosting more than **140** core manufacturers and brands with a total of **880,000** products on line, and a cumulative export amount of about **US\$300 million** in cross-border trade
- The largest bonded inventory stocking service providers of Fujian Province in terms of scale, with an area of over **40,000** square meters of cross-border logistics warehouses, and the turnover accounting for over **60%** of the province; also one of the top 3 domestic bonded inventory stocking service providers of the Cainiao system, with an average **2 million** monthly orders; the cumulative export amount of electromechanical product reached nearly **US\$4 million**

Deepening cross-border trade

Through the integrated services of trade, logistics and capital flow, we carry out import and export business by centering around products including beauty and makeup, bags, food, textile materials, fitness equipment and others. We improve the supply chain resource system to connect the upstream duty-free channels and brand channels across Japan, Korea, Europe and the United States, with the downstream leading cross-border e-commerce platforms including Tmall Global, Kaola Global, Vip.com, JD.com and others.

Expanding e-commerce platforms

We have built online and offline integrated cross-border e-commerce industry service platforms in Xiamen and Zhili Town of Huzhou city, established cross-border trade and service ecosystems by recruiting cross-border e-commerce import/export platforms and supporting service providers, and provide small and medium enterprises (SMEs) with one-stop customized and integrated supply chain services, so as to speed up the export trade of consumer goods for people's livelihood.

CROSS-REGIONAL COLLABORATION

We have always enabled our growth to contribute to the regional development. Specifically, we integrate ourselves into the development of the northeast China, continue to deepen cross-strait cooperation, respond to the requirements for the development of the Yangtze River Economic Belt, and promote urban renewal. We give full play to the leading role of a state-owned enterprise in these initiatives.

Boost Revitalization of Northeast China

In response to the strategies of national food security and the revitalization of Northeast China, we have operated business in the northeast and established a full-service system for the entire grain industry chain, including seed and fertilizer services, agricultural planting, grain storage, logistics transportation, raw material supply, grain processing and agricultural finance. We strive to promote the integrated development of the industry and better the spatial distribution of the grain industry, helping build Heilongjiang into a new highland for high-quality development of the grain industry in China.

- ¥3 billion** of total tax directly contributed to the local government, with **¥5.8 billion** of total pre-tax profits and **4,300** jobs created
- The model of Second Pricing in grain collection and settlement means that, under the premise of ensuring that farmers get the earnings of grain sold at the benchmark price on the day of selling, the option of second pricing for settlement within 60 days is provided, allowing farmers to gain the profits of price increase. the model of "second pricing" covered **5,000 households**, helping farmers directly generate **¥50 million+** of income

Deepening Cross-Strait Exchanges

Guided by the conviction that people on both sides of the Taiwan Straits are of the same family, we continue to deepen trade and people-to-people exchanges with Taiwan, give full play to the advantages of various industrial platforms targeted at Taiwan, and attract more Taiwan compatriots and enterprises to seek employment and start their own businesses in Xiamen, so as to create a moving chapter in the cross-strait integrated development.

Case Maritime transport and logistics corridor to Taiwan promotes cross-strait integrated development

Leveraging the geographical advantages of Xiamen over Taiwan, we have opened up the channels of Xiamen-Jinmen and Xiamen-Taiwan for cross-border e-commerce logistics operations for imports and exports with Taiwan. Meanwhile, we fully utilize the resources of overseas warehouses in the bulk commodity segment with a view to meeting the demand for a logistics system featuring all distributions channels and an end-to-end supply chain for imported consumer goods. In this way, we facilitate the import of international consumer goods and provide the logistics support for cross-border trade, forming a linkage between logistics and trade and improving the quality and quantity of the cross-border supply chain.

In June 2022, with a focus on the Cross-Strait Supply Chain Business Division, Xiamen International Cruise Homeport Group pushed the cross-strait cooperation and resources integration regarding the businesses of cruise center terminal and supply chain, opening the "southbound channel" between Xiamen and Taiwan. The company introduced Xiamen-Jinmen chartered shipping route and promoted the establishment of Cainiao's proprietary export warehouse, thus boosting the voyage of Mini Three Links (postal, transportation and trade between the mainland's coastal Fujian province and the islands of Jinmen and Matsu in Taiwan) and the volume of shipping express business.

As of the end of 2022, compared to the previous year, **437** more voyages were increased on the Mini Three Links cargo routes and the throughput of shipping express increased by **901.64%** year on year. As of December 2022, the business volume of the Mini Three Links accounted for **33.29%** of the overall business volume of the terminal

Jointly Building the Yangtze River Economic Belt

Focusing on our primary responsibilities and business, we have actively responded to the national development strategy of the Yangtze River Economic Belt. In other words, we have kept promoting the development of the supply chain logistics system with the benefit of logistics in bulk commodities. What's more, we have carried out a strategic cooperation with enterprises involved in the Yangtze River Economic Belt and driven the development of upstream and downstream enterprises. Our efforts have led to an operation model characterized by XMXYG's operation, the provincial governments' collaboration, the central SOEs' participation, and the collective governance", promoting the economic growth of the nine provinces in the Yangtze River basin.

Case Joint efforts to promote the supply chain system in the Yangtze River Basin

In September 2022, in light of the new development paradigm featuring dual circulation that allows the domestic and overseas markets to reinforce each other, with the domestic market as the mainstay, XMXYG and Hubei's state-owned enterprises jointly set up Hubei Chuxiang Supply Chain Group Co., Ltd., a supply chain service platform, which will carry out integrated and customized supply chain service business in the fields of coal industry, automotive industry, optoelectronics industry, bulk commodities and agricultural products. Meanwhile, we vigorously promote the development of digital intelligence and ensure that the supply chain is flexible, secure and resilient, providing diversified supply chain services for small and medium-sized enterprises in the supply chain.

In 2022, Hubei Chuxiang Supply Chain Group Co., Ltd. completed the task of dynamically guaranteeing coal supply in winter peak season in Hubei Province and obtained the qualification of dynamically guaranteeing coal supply in summer peak season in 2023. In addition, the company participated in the formulation of the plan regarding guaranteeing coal supply and transport capacity, so as to ensure the regional energy security with a more stable and resilient supply chain.

Injuncting Momentum for Urban Renewal

As an active player in urban renewal, we focus on improving the health, safety and well-being of urban residents, keep optimizing the living environment, enhancing the city's functions, and ensure that different groups of people can live and work in peace and contentment, thus contributing to the city's prosperity and development.

Case

From "Urban Village on the Hill" to "Urban Living Room"

Dong Hill community and Dongping Hill community are two small mountain villages on Dongping Hill in Xiamen. Originally, the two villages were plagued by widespread illegal construction, dirty environment, narrow roads, inadequate public facilities and uncontrolled littering. In addition, the villages were not effectively connected to public transportation, making the living environment relatively poor. Since 2020, we have been cooperating with the Dongping Hill Special Project Committee in carrying out the transformation project of Dongping Hill. Based on the principle of low pollution and emission, we carry out the survey of the river system, the control of the small streams and rivers and the construction of the sewage pipeline infrastructure and work to ensure that the household waste is better recycled and utilized. What's more, we adopt the "one household, one case" approach to the renovation of village houses, a program that preserves the features of south Fujian while captures the original culture of Dongping Hill. With all the efforts, the villagers' quality of life has been greatly improved. By the end of 2022, 196 households, or 222 houses, in two communities were being or had been upgraded.



New look presented in two villages of Dongping Hill in Xiamen

Integration of north and south culture to boost city development

In 2022, XMXYG I. D. G. worked with Harbin City Construction Investment Holdings Ltd. in building Harbin's first immersive and integrated park-like commercial complex, "Chengyu Yinxiang". During the design process, the two parties adopted the concept of "fusion state", integrating the elements of the ocean and oasis to create a borderless three-dimensional natural scene. At the same time, "Chengyu Yinxiang" also effectively integrates international food culture, Chinese north and south food culture, and trendy leisure experience, and introduces two service scenes, namely "the third urban living room" and "24-hour entertainment and food alley", upgrading the existing commercial centers in the city and boosting the real night economy in Harbin.

RURAL REVITALIZATION

Rural revitalization is essential for national rejuvenation. To thoroughly implement the strategy of rural revitalization, we actively respond to the government's planning and requirements, promote the policy of rural revitalization through industrial development and provide collaborative assistance in rural areas, thereby helping rural areas to gain a momentum for development. All our efforts are to build rural areas with thriving businesses, pleasant living environments and prosperity, thus offering people a better livelihood in the new era.

Industrial Development

Revitalization through industrial development is pivotal in rural revitalization. Aiming to explore new models of industrial development, we work to deeply empower rural enterprises and stimulate the internal momentum of rural areas for revitalization and development, substantially increasing villagers' sense of happiness and fulfillment.

Case

New revitalization models featuring "four-in-one" and "integration of three industries" approaches

Based on the distinctive resources of Dazhai Village in Xiang'an District, we have managed to put forward an innovative rural revitalization model that can be replicated nationally, in which the Party building leadership guides the common prosperity, cross-Strait industries develop together, and multiple stakeholders join hands to support the development of dragon fruit industry. This leads to a development mode that integrates the primary, secondary, and tertiary industries.

The primary industry is based on the foundation of dragon fruit industry in Dazhai Village, and experts are invited to help explore the upgrading of planting techniques. When it comes to the secondary industry, the village extends the dragon fruit industry chain by successfully creating products such as dried fruit, fruit wine, fruit noodles, enzymes and original souvenirs, achieving an increase in the annual output value of dragon fruits. By 2022, up to 1,400 mu of dragon fruit plantation bases had been established in Dazhai Village, with an annual output value of more than RMB 40 million.



Home Stay in cooperation with famous designer Huang Zhiyong from China Academy of Art

The tertiary industry is focused on homestay. We work to renovate the dilapidated and dangerous houses into homestays with south Fujian characteristics and create branded tourism activities and supporting tourism projects, leading to the increase of local villagers' income. For example, Share U Xiangyuan Home Stay, a project in cooperation with Huang Zhiyong, a well-known designer from China Academy of Art, won the 58th U.S. Gold Nugget Award for International Residential Special Award and the 9th U.S. Architizer A+ Awards for Popular Choice Winner of Residential Interiors category. Moreover, the Dragon Fruit Culture and Tourism Festival has been broadcasted on CCTV for 13 times and reported on the platform of "Xuexi.cn" for 6 times. In addition, based on the characteristic brand of "Party School in the Field", we create "Rural Revitalization Station" and "Hundred Years of Party History Avenue" and link Xiamen's Party building resources with the Dazhai Village's Party building base which serves as a reception and service center, creating a "N+1" route for Party building and learning.

East-West Regional Cooperation

East-West regional cooperation is a major decision made by the CPC Central Committee to promote the coordinated development between regions and the common prosperity for all. Since we started pairing assistance with Minning Town, Yongning County, Yinchuan City, Ningxia Hui Autonomous Region, we have taken into account the development situation of Minning Industrial Park, constantly improved the assistance mechanism and adapted to local conditions. By combining industrial assistance with consumption-driven assistance, we inject new vitality into the rural revitalization of Minning Town.

Industrial Assistance



In order to support the construction of the Mining Industrial Park in Ningxia and facilitate the implementation of enterprise investment projects, XMXYG formally set up Ningxia XMXYG New Energy Co., Ltd. in October 2022, a firm with a continuous focus on the two major industrial chains of "lithium battery" and "photovoltaic". On the one hand, based on the industrial opportunities in Ningxia and the northwest, the company creates a comprehensive service scheme of new energy supply chain, contributing to the high-quality development of the new energy industry; on the other hand, through industry-finance integration, joint investment and other measures, the company reaches out to the core customers of the industry chain and sets up the investment layout of the core resources, helping Ningxia to achieve industrial development. In November, the company formally completed the first business operation, marking the beginning of its contribution to the development and assistance of Ningxia.

Consumption-driven Assistance



After learning about the problem in Wuhe Village, Minning Town of peach in stock exceeding the demand of the market, we immediately mobilized the Party members and employees to take the lead in purchasing a total of 126 boxes of peach, promptly solving the urgent problem facing the fruit farmers. In 2022, the Corporation and its subsidiaries purchased agricultural, animal husbandry products and other products of the areas that have been lifted out of poverty, such as Ningxia, for a total amount of RMB 2.2348 million.

Compassionate Pairing Assistance

Based on our own business advantages, we fully implement the four projects of "Party building for poverty alleviation, basic poverty alleviation, cultural poverty alleviation, and social poverty alleviation". In addition, we have set up the work leading group and project working group and formulated the work plan of assistance according to the local conditions, effectively solving the practical difficulties of five disadvantaged villages in Xiamen, namely, Yuntou Village, Guoxi Village, Houban Village, Xiyuan Village and Dingxu Village. In 2022, we kept paying compassionate caring visits and helped more than 80 recipients of compassionate pairing assistance in more than 20 communities, with a view to providing warmth to them.



XMXYG Co., Ltd. carries out compassionate pairing visits

GIVING BACK TO THE COMMUNITY

Bearing in mind the mission and responsibility of a state-owned enterprise, we focus on giving back to the society and on vulnerable groups such as students in difficulty and the elderly population. What's more, we continue to carry out a variety of public welfare services and come to develop a series of brand-name charitable activities. We make sure that our corporate responsibilities are rooted in every bit of goodwill and love, making XMXYG a part of the contribution to creating a harmonious society.

Supporting Quality Education

After thoroughly studying and implementing General Secretary Xi Jinping's important instructions on the work of caring for the next generation, we take the initiative to fulfill our social responsibility and adopt a well-planned approach. In this regard, we work to promote the all-round development and healthy growth of the next generation by contributing to the improvement of school conditions, donating to the education fund, and undertaking the construction of authorized educational projects.

Supporting Rural Education

Besides donating RMB 1 million to build the Hope Building at Datian Primary School in Changting County, Longyan City, Fujian Province, we purchase all kinds of teaching, office and security equipment according to the needs of the school every year. At the same time, we actively coordinate with the local county government and the education sector to support the relevant resources and organize voluntary services.

Supporting Youth Dreams

We have successively set up scholarships at Xiamen University, Jimei University and Fujian Normal University, with the total donation being RMB 400,000 each year; donated RMB 3 million to Xiang'an District Education Foundation; and donated RMB 2 million to the Education Foundation of Huaqiao University, effectively addressing the concerns over the potential difficulty of rewarding students with good grades and family difficulties.



XMXYG Harbour's Authorized Construction Projects of Songban Primary School

Balancing Educational Resources

XMXYG Harbour, as a state-owned enterprise, continuously makes its own contribution to addressing insufficient educational resources in Xiamen's districts and balancing quality education resources on and off the island. As of the end of 2022, we had undertaken nearly 50 public construction projects in the education category, 36 of which were granted awards related to construction projects including 3 provincial-level quality construction awards and 9 municipal-level quality construction awards.

Expanding Cultural Nurturing

We have cooperated with Huli Branch of Xiamen Foreign Language School in terms of neighborly Party building and co-construction and donated RMB 750,000 to build the "Youcheng Garden". Meanwhile, with the resource advantage of "XMXYG Chinese Chess Team" named by the Corporation, we introduce the traditional Chinese chess culture into the campus. Xiamen International Cruise Homeport Group gives full play to its resource advantages and builds the "Captain Dolphin marine science research base", which combines marine culture, Maritime Silk Road culture, seafaring culture, port culture and Chinese culture with the curriculums and leads primary and secondary school students to start a unique research and learning journey. In 2022, while earning the title of the Primary and Secondary School Students' Practice and Education Base in Siming District of Xiamen, the "Captain Dolphin marine science research base" was also included in the second list of Xiamen Primary and Secondary School Students' Practice and Education Bases.



"Captain Dolphin Marine Science Research Base"

We have also held the "Colorful Holidays, Happy Companionship" activity, a voluntary service for summer vacation homework tutoring for 11 years. The Volunteer Service Team for Dream Students, consisting of a group of volunteers from XMXYG, would go to the Changle community in Huli District to give tutoring to the students.

Providing Contentment for the Elderly

In order to lessen the supply and demand burden of elderly care services on Xiamen, we donated RMB 316 million in 2020 to build Xiamen's first intelligent elderly care center, XMXYG Senior Living Care Center. As a non-profit senior care center, all proceeds from XMXYG Senior Living will be used for the development and operation of the center and for public welfare services. By giving full play to our ability to integrate resources from our own platforms, we are able to provide one-stop senior care services that involve medical care, nursing care, and education for the elderly, making sure that their quality of life is fully guaranteed. In 2022, we once again donated close to RMB 130 million to support the center's efforts to improve its comprehensive service level.

Integrating Elderly Care and Medical Services

XMXYG Senior Living focuses on the health of the elderly and the integration of medical services with elderly care. Specifically, the establishment cooperates with neighboring high-quality medical resources to provide the elderly with comprehensive chronic disease diagnosis and treatment, traditional Chinese medicine physiotherapy, and rehabilitation services. In addition, the senior caring center sets up a green channel for emergency assistance, aiming to catch the valuable timing of rescue and protecting the lives of the elders. Meanwhile, relying on the intelligent health management system, the institution formulates a dynamic and customized health management plan for the elderly, including chronic disease management, exercise management, dietary management, and other health promotion plans for the elderly.



XMXYG Senior Living Care Center

268 Care plans formulated for the elderly in XMXYG Senior Living as of the end of 2022

365 Dietary plans provided

401 Persons received rehabilitation services

3,535 Persons received traditional Chinese medicine physiotherapy

564 Persons received free diagnosis of 3A-grade hospitals

779 Persons received home visits by attending physicians and backbone doctors of 3A-grade hospitals in cooperation with XMXYG Senior Living

90% of the controlling rate of "four spikes" (hypertension, hyperlipidemia, hyperuricemia and

hyperglycemia) **100%** of controlling rate of hypertension

Engaging in Charity

Focusing on the building of "Loving Xiamen", we continue to create a series of brand-name public welfare activities 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. At the same time, we have established XMXYG Red Sail Volunteer Service Team and encourage our subsidiaries to draw on their own strengths and to be part of the voluntary service. By sharing, cooperating and creating with stakeholders, we are able to draw up a blueprint for a better life together.

Brand Public Welfare Activities



In 2022, the Corporation joined hands with Xiamen Philharmonic Orchestra to hold the New Year's Concert, keeping the "promise of ushering into the New Year" with Xiamen citizens



Participated by compatriots on both sides of the Taiwan Straits, the voluntary blood donation event on Mother's Day with the theme of "Chinese Blood, Cross-Strait Affection" has been held for 8 years, with accumulated blood donation exceeding 800,000 ml



We have organized the "Children from the Stars" series of public welfare activities for 7 years to help children with autism



Ciai School Master Class of Calligraphy and Painting

Courses for the Elderly

XMXYG Senior Living joins hands with Xiamen Senior-citizen University to create the Ciai School, where a variety of social and cultural activities are organized. The school is equipped with a dance room, a calligraphy and painting room, a chess & poker room, a movie room, etc., and offers 11 courses, including Chinese landscape painting and health dance. In addition, the school invites senior teachers from Xiamen Senior-citizen University to give lectures that are open to elders from all over the society. Over 800 activities and courses have been held in total, and 5 semesters of the Ciai School have been held, with more than 600 class hours, attracting more than 800 elders from inside and outside the institution.

Solicitude through Caring

We also vigorously promote the traditional virtue of respecting and caring for the elderly and draw on community resources to organize and carry out the voluntary service of caring for the elderly. We form the "Elderly Care Alliance" with the Jinshan Community and the Phoenix Flower Volunteer Service Team, with a view to providing the elderly with volunteer services such as caring companionship, daily life care, cultural recreation, and health counseling. Together with hospitals, colleges and other organizations, we launch actions of caring the elderly, and carry out activities such as free diagnosis and honoring the elderly on the Double Ninth Festival, aiming to create a strong atmosphere in which the elderly is respected and filial affection is displayed.



The Corporation and Wanda Cinema jointly build the XMXYG Patriotic Cinema Room ("Loving Xiamen" Charity Theater) and each year we invite various groups such as soldiers, sanitation workers, rescue workers, volunteers, the handicapped, and the left-behind seniors to participate in more than 10 charity-themed activities of movie-watching

- **150+** voluntary service activities conducted in 2022, with **771 employees** participating in volunteer service activities to contribute to **30,000+** service hours

- **301 employees** participated in 2022 "Chinese Blood, Cross-Strait Affection" voluntary blood donation event, donating **86,010 ml** of blood

Case Spreading the culture of Chinese Chess as a national quintessence

As a feature of the Chinese nation, Chinese chess is a national intangible cultural heritage. On the chessboard, there lies the cornerstone of the Chinese culture. We strongly support the development of Chinese chess and promote traditional Chinese culture.

Providing a specialized platform

We established the XMXYG Chinese Chess Team in 2020 and have been the sponsor of the team ever since then. Meanwhile, we organize a series of games, including Xiamen's first city chess league, the "XMXYG Cup" 2022 Xiamen Chess League, and Xiamen City Senior (Worker) Chess Game, aiming to build a match platform for professionals and amateurs alike in the city.

Starting initiation into Chinese chess

We set up the "XMXYG Chinese Chess Room" at Huli Branch of Xiamen Foreign Language School and provide infrastructure and professional guidance for Chinese chess activities in the primary school of Guoxi Village, allowing the seeds of traditional Chinese culture to take root in children's hearts.

Organizing universal activities

In 2022, we held the second XMXYG Public Chinese Chess Carnival. A series of exciting chess activities were held on site, including the game of various players taking turns in challenging one grandmaster, the friendly match of "100 players fighting against one another", and the "smart move" challenge of endgame puzzle, which enriched the spiritual and cultural life of the citizens.



The Opening of the Second XMXYG Public Chinese Chess Carnival

Gathering Heartfelt Compassion

We are committed to being a warm-hearted enterprise and we share the fruits of corporate development through charitable giving. In this regard, we contribute to the development of social welfare undertakings such as caring for the elderly through charity, social and cultural development, and assistance for the poor and the disabled, and we also advance the initiative of giving back to the local communities through our overseas projects, with a view to promoting and sharing a better life.

¥132 million Donated by the Corporation in 2022

- For 11, the Corporation has facilitated the donation project of "Loving Heart Chinese New Year's Eve Dinner" for the Changle Community of Dianqian Street, aiming to support low-income families, migrant families, sanitation workers, left-behind children and other groups.

- Together with the Business Association of China in Vietnam, XMXYG Co., Ltd. visited children protection center and nursing home and donated daily necessities and foodstuffs to the children and the elderly who live alone.

- After natural disasters like earthquake and flooding hit Indonesia, XMXYG PT. OSS donated supplies worth more than RMB 10 million in total.



PEOPLE-ORIENTED APPROACH

Talent is the primary resource. We encourage employees to become value creators, striving to cultivate a dynamic, diverse, and sustainable team of talents. Following the people-oriented principle, we respect the legitimate rights and interests of each employee, and provide an equal, secure workplace of opportunity to help them achieve self-worth.



Contribution to SDGs

PROTECTING RIGHTS AND INTERESTS

- 2022 Extraordinary Employer by Liepin
- 2022 China Best Employer Award by Zhaopin.com
- 2022 China Outstanding Campus Recruitment Award by Zhaopin.com
- 2022 The Most Attractive Employer for College Students by Shixiseng.com
- 2022 Top 10 Model Enterprises for Talent Development in Xiamen

We value harmonious, stable, and healthy labor relations. Based on the labor contract management system, we protect the basic rights and interests of all employees in accordance with the law. Great efforts have been made to create an equal and inclusive workplace, provide employees with competitive compensation and benefits, as well as building a communication bridge with them through a democratic management approach.

Talent Philosophy

Putting people first, we take talents as the most valuable asset for the development of the Corporation, the essential driving force for corporate growth and the ultimate source of competitiveness. We always match the human resource development strategy with the Corporation's overall strategy, making it promote the corporate development.



XMXYG has launched the new employer brand "Hearts Encounter, Achievements in Action"

In July 2022, we launched a new employer brand "Hearts Encounter, Achievements in Action", echoing the corporate mission of "Benefiting the World, Achieving Success Together". This initiative aims to closely link the growth, success, and achievements of students, employees, and XMXYG through six core value pillars, namely "Excellent Starting Point", "Positive Atmosphere", "Potential Unleashing", "Efficiency and Fairness", "Capability Management", and "Well-being Assurance". By doing so, we are committed to providing an unblocked growth channel and a development platform for value creators, attracting outstanding personnel who share similar cultural values to understand us, recognize us, and join us in creating a brighter future together.

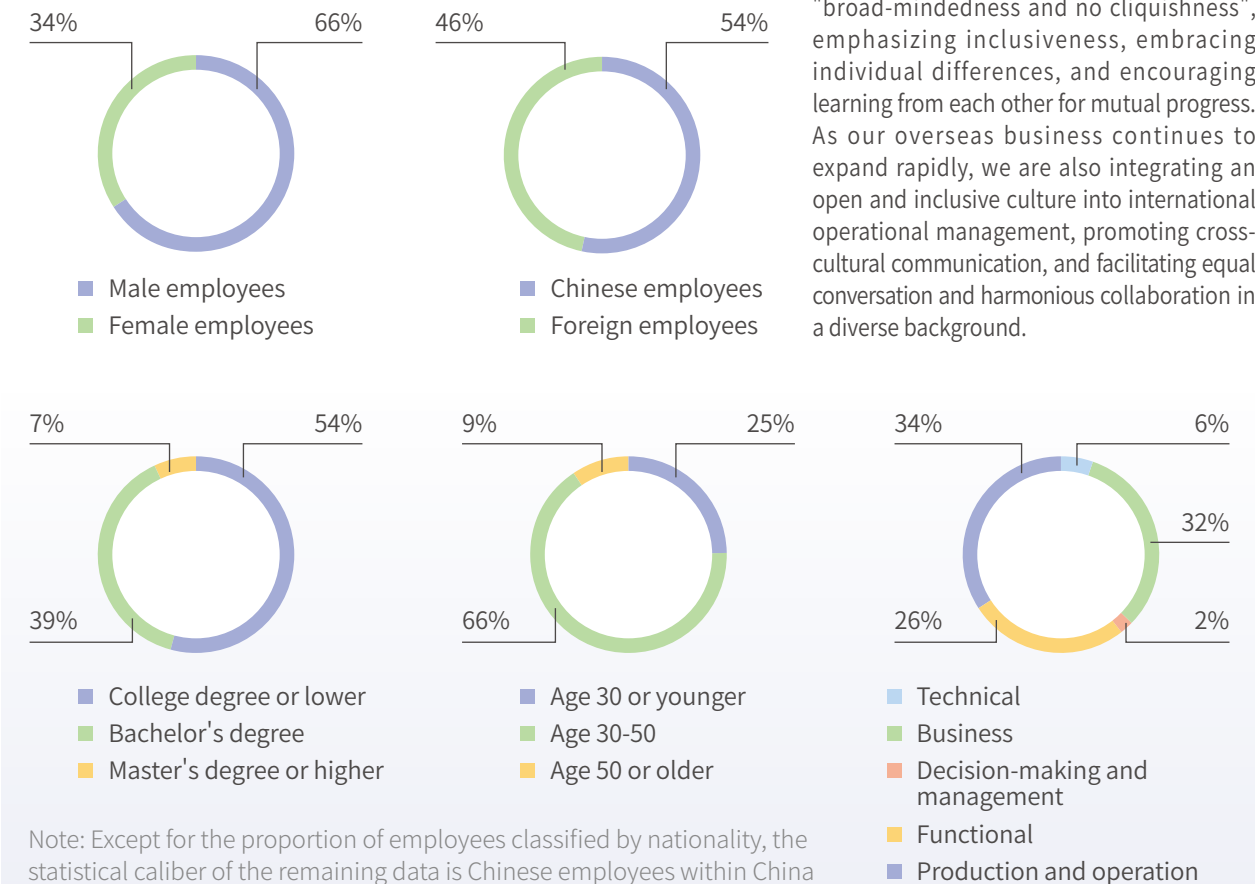
Protection of Rights

We strictly abide by laws and regulations, including the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, and the *Trade Union Law of the People's Republic of China*. Meanwhile, we actively fulfill the legal obligations specified in the laws and regulations of the jurisdictions where our overseas operations are located, observe the *Universal Declaration of Human Rights*, the Ten Principles of the UN Global Compact, and the *National Human Rights Action Plan of China (2021-2025)*. We prohibit child labor and oppose any actions that ignore or trample on human rights, while treating employees fairly and impartially regardless of their gender, region, race, and religious belief. In 2022, the Corporation successfully passed the annual review of labor security in Xiamen City without any anomalies being detected.

Equal Employment

Our recruitment policies are competence-oriented and performance-based. Being flexible in talent recruitment, we take comprehensive consideration of educational background, seniority, qualifications and identity, and ensure that fairness and equality prevail in our hiring, training, and retention processes. To realize equal employment, we eliminate all forms of discrimination against race, gender, age, family background, religious belief, and other factors throughout the entire recruitment process.

We advocate "harmony within diversity" and "broad-mindedness and no cliquishness", emphasizing inclusiveness, embracing individual differences, and encouraging learning from each other for mutual progress. As our overseas business continues to expand rapidly, we are also integrating an open and inclusive culture into international operational management, promoting cross-cultural communication, and facilitating equal conversation and harmonious collaboration in a diverse background.



In 2022, our recruitment in China

| | | |
|--|--|--|
| 25 Cities nationwide covered | 60 Targeted colleges and universities nationwide covered | 45 Recruitment sessions both online and offline organized |
| 231 Job openings provided | 4,283 New hires | 970 Middle-level and above personnel hired in social recruitment |

Compensation and Benefits

With continuous efforts, we optimize the income distribution structure and mechanisms, and establish a comprehensive compensation and benefits incentive system. By offering employees with competitive remuneration packages, we motivate them to create value and share the fruits of the corporate's development with them.

100%
Labor contract signing rate

100%
Coverage of social insurance

107,870,000
Total shares of the Restricted Stock Award (RSA) Plan by XMXYG Co., Ltd.

1,025
Employees incentivized

Improving the Compensation and Benefits Incentive System

We strictly abide by the *Regulations on Enterprise Wage Payment in Xiamen*, *Regulations on Paid Annual Leave for Employees*, and other relevant laws and regulations, to establish a standardized and reasonable compensation and benefits incentive system. To ensure that performance evaluations are objective, fair, and transparent, and that every value creator's hard work pays off, we develop a talent performance management system and work consistently to improve the talent incentive mechanism in a rational manner.

Implementing Equity Incentive Plan

XMXYG Co., Ltd., our listed company, has implemented equity incentive plan, which covers both the core managers and front-line business team members.

Improving Welfare Benefits

To enhance employees' work satisfaction, we pay the social insurance and housing provident fund for employees in full, and provide them with comprehensive welfare benefits, including corporate annuities, commercial insurance, paid leave, special subsidies, and statutory holiday benefits, covering all welfare benefits in life.

Securing Overseas Employees' Benefits

Our overseas subsidiaries have established welfare systems that comply with local policies. Based on industrial research, we provide overseas employees with benefits such as meal subsidies and medical examination fees, as well as supplementary commercial insurance with global coverage, thus enhancing the ability of overseas employees to withstand risks.

Democratic Communication

We attach great importance to the establishment of an internal communication platform and an effective mechanism for feedback and resolution within the Corporation. Through transparent and democratic management, employees are entitled to the rights to information, participation, and oversight, actively contributing their wisdom to the Corporation's development.



Symposium with business elites

Workers' Congress

We have established a sound Labor Union Workers' Congress System in XMXYG and convened the Congress of Workers and Staff regularly.

Reporting Mechanism

We strictly implement the reporting mechanism to ensure timely and effective sharing of significant corporate matters and employees' issues, and achieve synergistic effect in resolving the issues.

Grassroots Survey

We conduct in-depth grassroots survey across all subsidiaries within the Corporation, striving to understand employees' situations, address their concerns, resolve their difficulties, and unite their hearts.

Internal Communication Platform

We have launched an employee feedback column on the OA system, and established the Chairman and President's email accounts, ensuring unobstructed channels for democratic communication.

Face-to-face Discussion

In 2022, we organized symposium involving leaders of the Corporation, young executives, and business elites.

30
Related symposium organized

232
Total participants

SECURING HEALTH AND SAFETY

We always prioritize the work safety and health of employees. In strict accordance with laws and regulations, such as the *Law of the People's Republic of China on Work Safety*, *Law of the People's Republic of China on the Prevention and Control of Occupational Disease*, and the *Opinions of State Council on the Implementation of the Healthy China Initiative*, we have established a sound occupational health and safety management system based on the ISO 45001 framework, comprehensively safeguarding the health and safety of employees.

Work Safety

Work safety is the lifeline of the corporate development. We keep strengthening work safety management through responsibility assignment, system building, safety trainings, and capital investment. In line with the requirements of the HSE management system and considering the ecological requirements in each industry, we clarify the direction of risk control in work safety, creating a secure working environment for employees and fortifying the line of defense for work safety.

¥23 million
Investment in work safety

0
Work-related fatality

10.8%
Year-on-year decrease of safety accidents

39,415
Safety training participants

482
Safety emergency drills

754
Sessions of work safety training

- Xiamen Xiangyu Logistics and Distribution Center Co., Ltd., Xiamen Mintai Central Fishing Harbour Construction & Development Co., Ltd., Xiamen Xiangyu Free Trade Zone Development Co., Ltd., subsidiaries of XMXYG I. D. G., were awarded the title of Level-3 Enterprise for Work Safety Standardization.
- XMXYG Biochemical, XMXYG S. O. E., XMXYG Huanzi Mining and other subsidiaries obtained the certification of ISO 45001 Occupational Health and Safety Management System.

Management Philosophy

We uphold the core value concept of "safety first, environment first, people-oriented and complete equipment" for occupational health, safety, and environmental protection.

Safety System

We have developed a three-tier system framework and a list of regulations for occupational health, safety, and environmental management within the Corporation, formulated standardized safety operating procedures for different positions and produced corresponding instructional videos for guidance. 17 subsidiaries have met the requirements of standardization.

Safety Inspection

Through work safety inspection and special rectification programs, we address specific concerns such as safety hazards in structures and buildings, safety management of stakeholders, special equipment and operators, and high-altitude operations. We organize annual assessments of primary safety responsibilities, fully leveraging the role of grassroots teams as the first line of defense for work safety.

Five Safety Codes for On-site Operation

- Being awareness of safety risks
- Improving safety measures
- Being equipped with safety tools
- Guaranteeing the qualification of safety environment
- Being qualified with safety skill

Technological Empowerment

In 2022, we launched "Safety Eye", the digital information platform for work safety. It can help the subsidiaries more efficiently identify, assess, control, and manage safety risks by providing online summaries and tracking of information such as risk maps, control lists, and achievements of goals. By the end of 2022, the "Safety Eye" system has covered 20 subsidiaries in the Corporation, with a monthly participation of 3,113 individuals, identifying 5,523 hidden dangers, rectifying 5,363 of them, achieving a rectification rate of 97%.

Promotion and Training

We have formulated the annual training plans on work safety, hold monthly meetings, and organize a series of safety training courses and activities, including the "Exam Preparation Class for Certified Safety Engineer", "Work Safety Month", and the "Fire Safety Awareness Day". These initiatives have comprehensively enhanced employees' work safety capabilities, safeguarding their occupational health.



First aid training

Case The "Work Safety Month" Series Activities

June 2022 witnessed the 21st National "Work Safety Month". Themed with "Complying with the Work Safety Law and Assuming Primary Responsibility", we organized activities such as learning and promoting the "15 Measures for Work Safety", specialized training on the *Law of the People's Republic of China on Work Safety*, emergency drills, and fire safety awareness campaigns. These efforts were aimed at promoting work safety education and enhancing the safety awareness of all employees.



Safety emergency drill

Occupational Health

We highly regard the physical and mental health of employees. By providing health and psychological counseling services, organizing activities such as the promotion of *Law of the People's Republic of China on the Prevention and Control of Occupational Disease* and occupational health training, and developing differentiated health check-up packages based on the diverse needs of different individuals, we strive to further improve occupational health management, providing solid support for our employees.

100%

Coverage of occupational health training

12

Sessions of psychological lectures and salons conducted through EAP

Case Employee Assistance Program (EAP)

Through the Employee Assistance Program (EAP), we provide effective psychological care and guidance for employees. In addition to setting up a counseling room as a platform for psychological support, we carry out monthly employee psychological health lectures or salons with different topics. By combining the education of psychological health knowledge and customized counseling services, we offer professional psychological guidance and counseling for employees to alleviate their psychological stress, and enhance their psychological adaptability, guiding them to work diligently and live a fulfilling life.



Psychological salons for employees

ESTABLISHING PLATFORMS FOR GROWTH

To assist employees in achieving their personal growth goals and meet their diverse career development needs, we have created diversified opportunities and platforms and sound occupational training system to help them explore their career development paths.

Unblocking 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 established an internal selection mechanism to provide more career development opportunities for employees. Continuous efforts have been made to improve the Corporation's organizational structure and development system to unblock employees' development paths. In accordance with the *Guidelines on the Management of Organizational Structure and Post Level System*, we set up two major job promotion channels of management and technical expertise. Meanwhile, employees are allowed to change between the two different paths, tapping into their full potential in a broader space.

In 2022, **3,376** employees participated in job rotation and exchanges

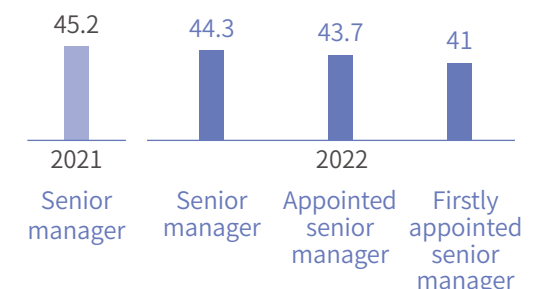
639 employees got promoted

Among the **332** senior management personnel

80 were appointed in 2022

23 entered the senior management team for the first time in 2022, injecting more youthful force into the senior management team

Average age



Improving Training System

We have built a smooth path from talents acquisition, appointment, cultivation and retainment, realizing the life-cycle management of talents in the Corporation. Adhering to the schooling purpose of "fostering consensus through cultural education, imparting knowledge through training and practice", we established the XMXYG Business School in 2016, providing employees with a training system that spans their entire career development. In 2022, XMXYG Business School upgraded into its 2.0 version, further integrating with the Corporation's talent development strategy, focusing on business needs, innovating the teaching system, and updating and optimizing the online learning platform. Additionally, we encourage subsidiaries in various industries to scientifically plan training models and programs based on actual business situations, boosting multi-dimensional growth of employees.



EMP group discussions

135

Training sessions organized by XMXYG Business School in 2022, a year-on-year increase of **53.4%**

¥**3.5384**million

Investment in employee training by XMXYG Business School a year-on-year increase of **125.1%**

60.23hours

Average training hours per employee

100%

Coverage rate of the employee training

Case

Localized training empowers the development of foreign employees

The XMXYG PT. OSS project advocates for the localized training of employees. On one hand, it has set up a training management team, which carries out technical and skills training on theoretical knowledge of business, on-site equipment recognition, system composition, and operation through the "1+1" mentorship program, focusing on five production branches, including boiler, turbine, electrical, chemical, and coal conveying. On the other hand, in collaboration with the renowned Huaqiao University in China, the company has established the "XMXYG Yin-Xiang Camp of OSS" program for studying Chinese. This program aims to select outstanding Indonesian employees to study Chinese language and professional courses in China, enhancing the employees' overall capabilities and making efforts to develop a long-term mechanism for cultivating skilled local talents with distinctive local cultural characteristics.



Business training for foreign employees

CARING FOR LIFE

We prioritize the personal interests of employees and provide them with various activities and considerate daily life services. We pay close attention to the well-being of employees, support their lives, and earnestly address their difficulties, sparing no effort to enhance their happiness and improve their well-being.

Organizing Cultural and Sports Activities

We advocate for a balance between work and life. By organizing choir, basketball team and various staff clubs, and launching a diverse range of cultural and sports activities, we strive to strengthen employees' sense of belonging and cohesion. In 2022, we organized a series of themed activities such as traditional festive cultural experiences, performances, and sports competitions, sharing a colorful life with employees.

Case



The First Club Carnival

The First Club Carnival

In 2022, combining employees' interest club activities with corporate culture building, we launched the first club carnival. Various clubs, including basketball, badminton, football, table tennis, Chinese chess, Morning Sail Choir, XMXYG FM, the employees' activity center, XMXYG Co., Ltd. English club, and Tai Chi club, gathered together. The event attracted more than 400 new members, adding fun and energy to employees' leisure life.

Experiencing a fun Dragon Boat Festival

At the 2022 Dragon Boat Festival, we created a fun market full of food, drinking and entertainment, and organized thematic activities. There were engaging games for relaxation and stress relief, land-based dragon boat race, as well as traditional handicrafts and union snack stands, integrating traditional festivals into modern life in diverse and enjoyable ways. This event allowed employees to experience the festive atmosphere, which received unanimous praise from the staff.



Land-based dragon boat race

Case

The 9th Employee Sports Games

In May 2022, we organized the 9th Employee Sports Games, featuring a series of competitive events such as 8vs8 soccer, table tennis, badminton, and basketball tournaments. The games encouraged employees to participate in sports activities to improve physical fitness, enhance friendships, and gain happiness.



The 2nd "XMXYG Cup" 8vs8 Soccer Tournament

Caring four retired employees

In 2022, we invited more than 50 former leaders and retired employees to board the "Tu Qiang" cruise ship of Xiamen International Cruise Homeport Group, where they watched the first cruise-based immersive interactive show at sea in Xiamen, which is titled *Blue Sea, Red Sail*. Through this experience, they were able to relive the glorious years and perceive the new developments and changes of the Corporation.



Event caring the retired employees

Supporting Employees in Need

The Corporation's Labor Union has formulated the *XMXYG CORP. Labor Union Management Measures on Supporting Employees*. By regularly paying visits to employees in distress, sending subsidies and gifts to the families of employees in need, the Corporation helps them overcome difficulties with practical actions.

In addition, adhering to the purpose of "bathing in the rain and sunshine together, sharing the warmth of XMXYG", we assume our mission and responsibility to support employees and vulnerable groups in society. In 2008, we established the Spring Rain Fund to help those in need. The Fund has been providing assistance to employees on a long-term basis who have experienced serious illnesses and major accidents, offering support for special families in significant holidays, extending sympathy for major accidents, and providing assistance in education and employment, conveying care and support through various forms of assistance for our employees.

In 2022, the Spring Rain Fund provided assistance to

21 employees and their immediate family members who experienced serious illnesses or accidents, with a total aid amount of

¥ 849,000

a year-on-year increase of **58%**

Case

The Spring Rain Fund delivers warm care

In 2022, XMXYG's Spring Rain Fund intensified efforts to help employees in need. Firstly, it expanded the scope of assistance, covering the outsourcing labor. Assistance allowance was disbursed based on the principle of "making up for what is lacking", increasing the subsidy payment amount, with the maximum subsidy ratio accounting for more than 80% of the total self-paid amount. What's more, the application process was added into the OA office platform, realizing online approval of the entire process, and improving service efficiency. Assistance applications meeting the criteria could be approved by the council within three working days, ensuring that the aid funds are accurate and granted quickly.

Caring for employees in different places

During the COVID-19 pandemic, the Corporation and its subsidiaries raised a RMB 100,000 worth of supplies for employees in different places such as Shanghai and Guangdong. They sent letters of care and blessings to employees and their families in different places, helping them live and work peacefully, and delivering heartfelt care.



Caring for employees in different places

Exclusive Happiness in XMXYG

We actively respond to employees' pursuit of a high-quality life. By continuously increasing investment in distinctive benefits for employees, optimizing and upgrading activity facilities, and creating a platform for employee care, we aim at reducing employees' living costs and improving their overall satisfaction.

9,135.08 m²

Area of new employee canteen built in 2022

729,000

Employees served in total

Food - the most beautiful canteen

The canteen can accommodate thousands of employees for dining simultaneously. In addition to self-service Chinese cuisine, light meals, fruits, and beverages, it features 8 specialty stalls, continuously developing new dishes to provide employees with a nutritionally rich and diverse dietary selection. Furthermore, 1-2 employee welfare days are organized on an irregular monthly basis.



Accommodation - free apartment

Since 2020, fresh graduates can apply for rooms of Yu Guo Apartments without paying rents for 24 months after being recruited.



Transportation - free shuttle bus

19 free shuttle bus routes cover both Xiamen island and its outskirts.



Recreation - employee entertainment center

It includes functional areas such as psychological counseling room, recuperation room, steam room, aerobic area, yoga room, exercise room, and VR fitness room. Additionally, 16 group exercise programs are available, with a total of 9,514 participants in 2022.

2,300 m²

Area of new employee entertainment center built in 2022

17,587

Employees served in total

Gifts - heartwarming wishes

Employees are offered with marriage, childbirth, retirement bonuses, as well as gifts for birthday, holidays, and employees' children taking the college entrance examination.

Caring for Female Employees

We follow the *Special Rules on the Labor Protection of Female Employees*, giving full play to the role of the Committee for Women Workers of Labor Union, and safeguarding the legitimate rights and special interests of female employees through ideologies, systems, and actions.

13

Baby-care rooms in the XMXYG Mansion

5

Grassroots labor unions awarded the title of Qualified Unit for Women's Healthcare in Xiamen

We insist on gender equality in welfare benefits, job promotion opportunities, and access to training and education.

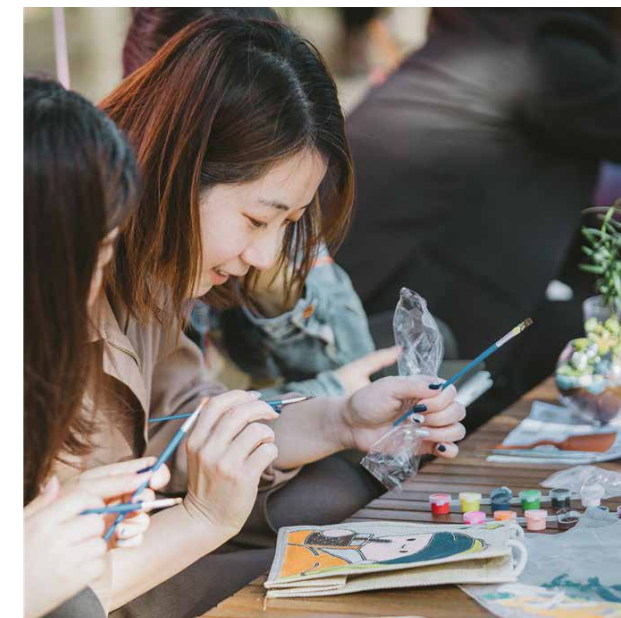
We sign the *Special Collective Contract for the Protection of Special Rights and Interests of Female Employees* with all female employees.

We safeguard female employees' rights to breastfeeding leave, maternity leave, prenatal examination leave, and the International Women's Day holiday.

Each floor of the office area is equipped with baby-care room and other facilities to cater to the needs of female employees.

We organize free cervical cancer and breast cancer screening, as well as gynecological examinations for female employees.

We open classes for female employees, offering specialized training sessions such as flower arrangement, dessert making, mountaineering, psychological counseling, and organize activities for the International Women's Day.



Series activities for caring female employees

ABOUT THIS REPORT

This is the first Environmental, Social and Governance (ESG) Report ("this Report" for short) released by XMXYG CORP. (referred to as "XMXYG", "the Corporation", or "We"), with an aim to disclose the ESG performance achievements of XMXYG in 2022 to stakeholders.

Reporting Scope

This Report focuses on disclosing the ESG related performance and information of XMXYG CORP. and its subsidiaries within the consolidated scope during the period from January 1, 2022 to December 31, 2022. Some of the content in the report exceeds the aforementioned scope. Unless otherwise specified, the scope of this report is consistent with the 2022 annual report of XMXYG 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 Guidance on Climate-Related Disclosure* issued by The Stock Exchange of Hong Kong Limited (SEHK) and the UN Sustainable Development Goals. In addition, the report refers to the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* released by Chinese Academy of Social Sciences, and *Guidelines No. 1 for Self-Regulation of Listed Companies- Standardized Operation of Companies Listed on the Shanghai Stock Exchange*.

Reporting Principles and Data Sources

The data and cases used in this report are all from statistical data, financial reports, and related documents of XMXYG, as well as ESG related information summarized and reviewed by XMXYG industry companies. 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 between the two versions, the Chinese version shall prevail. The digital version of the report can be viewed and downloaded on the official website of the Corporation (www.xiangyu.group.com).

Appellation Description

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 |
| 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 Xiangyu Huanzi Mining Science and Technology Co., Ltd. | XMXYG Huanzi Mining |
| Xiamen Xiangyu Zhiyun Logistics Co., Ltd. | XMXYG Zhiyun |
| Liangshan Xiangyu Supply Chain Co., Ltd. | Liangshan XMXYG |
| Xuzhou Xiangyu Supply Chain Co., Ltd. | Xuzhou XMXYG |
| Xiamen Xiangyu Resources Co., Ltd. | XMXYG Resources |
| Xiamen Xiangyu Commercial Development Co., Ltd. | XMXYG Commercial Development |
| Xiamen Xiangyu New Energy Co., Ltd. | XMXYG New Energy |
| Shenzhen XMXYG Commercial Factoring Co., Ltd. | XMXYG Factoring |
| Xiamen XMXYG Technology Co., Ltd. | XMXYG Technology |
| Xiamen XMXYG Venture Capital Management Co., Ltd. | XMXYG Venture Capital |
| Xiamen Internet of Things Industry Research Institute Co., Ltd. | Research Institute of IoT |
| Xiamen XMXYG Harbour Construction Development Co., Ltd. | XMXYG Harbour |

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