

Xiamen C&D Inc. Sustainability Report

2023



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About This Report



This is the 2023 Sustainability Report ("this report") released by Xiamen C&D Inc. (referred to as "C&D Inc." or "We"). The purpose of this report is to provide stakeholders with an overview of C&D Inc.'s management efforts in environmental, social, and governance aspects in 2023, as well as the initiatives and achievements towards advancing the United Nations Sustainable Development Goals.

We prepare this report in accordance with the "Global Reporting Initiative Standards" (GRI Standards), and "Sustainability Accounting Standards Board Standards" (SASB Standards). The report also takes into account the disclosure requirements of the "Guidelines No. 1 for Application of Self-Regulation Rules for Companies Listed on the Shanghai Stock Exchange- Standardized Operation", "Guidelines No. 14 of Shanghai Stock Exchange for self-Regulation of listed Companies-sustainability Report (Trial)", IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB), SASAC Research Center's "Indicators Reference Systems for ESG Reports of Listed Chinese Central State-Owned Enterprises", and the United Nations Sustainable Development Goals (SDGs).

The reporting period is between January 1, 2023, and December 31, 2023, and some parts of the report may be beyond the aforementioned scope considering the continuity and comparability of disclosures. The ESG data disclosed in this report includes all enterprises within the scope of the consolidated statement of Xiamen C&D Inc.

RSM China CPA LLP independently guarantees the environmental, social and corporate governance performance key indicators in this report.



Reference Guidelines



Reporting Scope



External Assurance



Explanatory Note

Abbreviation	Full Name
C&D Inc., or We	Xiamen C&D Inc.
C&D Real Estate	C&D Real Estate Corp., Ltd., subsidiary of C&D Inc.
Lianfa Group	Lianfa Group Co.,Ltd., subsidiary of C&D Inc.
C&D Property	C&D Property Management Group Co.,Ltd.(Stock Code: 2156.HK), subsidiary of C&D Real Estate.
C&D Logistics	C&D Logistics Group Co., Ltd., wholly-owned subsidiary of C&D Inc.
Paper & Pulp Group	One of the seven major specialized groups of C&D Inc., including Xiamen C&D Paper & Pulp Co., Ltd..
Agricultural Products Group	One of the seven major specialized groups of C&D Inc., including Xiamen C&D Commodities Limited.
C&D Automobile Group	One of the seven major specialized groups of C&D Inc., including Xiamen C&D Automobile Co., Ltd
C&D Newin	C&D Newin Paper & Pulp Corporation Limited (Stock Code: 0731.HK), subsidiary of C&D Inc.
Universal Pulp and Paper	Universal Pulp and Paper (Shandong) Co., Ltd., subsidiary of C&D Inc.
C&D Clean Energy	Nanjing C&D Clean Energy Co.,Ltd., wholly-owned subsidiary of C&D Inc.
C&D Clenergy	Xiamen C&D Clenergy New Energy Co.,Ltd., subsidiary of C&D Inc.
C&D (Guangzhou)	C&D (Guangzhou) Co., Ltd., wholly-owned subsidiary of C&D Inc.
Yijiyuan Property	Yijiyuan (Xiamen) Property Management Co., Ltd., subsidiary of C&D Real Estate.
MACALLINE	Red Star Macalline Group Corporation Ltd. (Stock Code: 601828.SH)
Yongfeng Pulp and Paper	Sichuan Yongfeng Pulp and Paper Co., Ltd., shareholding company of C&D Inc.
IPCC	Intergovernmental Panel on Climate Change
IEA	International Energy Agency



Report Availability and Feedback

We released this report in electronic format in both Simplified Chinese and English. In case of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail. The electronic version of the report is available on our official website, www.chinacnd.com, and the Shanghai Stock Exchange website (www.sse.com.cn). We are committed to improving our environmental, social and corporate governance performance, and if you have any comments or suggestions on this report, please get in touch with us at compliance@chinacnd.com.

Message from the Chairman



In the face of multiple challenges from the volatile global situation, complex market environment, and economic slowdown, C&D Inc. firmly preserves the brand philosophy of "Together Go Beyond." We integrate sustainable creation of social value into business practices, pursue the maximization of comprehensive economic, social, and environmental value, and honor commitment to our social responsibilities.

As a globally positioned company, we are rooted in professionalism and committed to core business development. Our supply chain operations span multiple segments including steel and iron, pulp and paper, automobile, agricultural products, consumer goods, minerals, and energy and chemicals. We strive to excel in each of these segments, leverage our expertise to drive industrial progress, and dedicate ourselves to becoming a leading international supply chain operator. In real estate, we have set up a holistic real estate service system, offering full-lifecycle real estate support services to governments, enterprises, and residents, with the aspiration of becoming China's outstanding real estate operator.

In 2023, we actively responded to the national carbon peaking and net zero emissions strategy and global temperature control goals under the Paris Agreement, and consistently invested in research and innovation in digital technology applications. We profoundly incorporated digital solutions with traditional industry development, made digitalization a driving force for achieving carbon net zero emissions, and enabled traditional industries to undergo green transformation. We persistently explored the design and development of sustainable products such as green materials and green buildings to promote the sustainable development of living environments with green concepts. Engaging in green circular economy businesses, we enhanced resource utilization efficiency and contributed to the construction of a national green, low-carbon, and circular economic system. We established our presence in the new energy sector, vigorously expanded upstream and downstream supply chain operations in the new energy industry, and offered service solutions for various segments of the new energy industry chain. We advocated for energy conservation and emission reduction actions, urging stakeholders to take collective action to contribute to mitigating climate change.

In 2023, we positioned ourselves to serve the real economy and social well-being, actively integrated into the national and local development agenda, and fostered the co-prosperity and symbiosis of individuals and society. We diligently implemented industry support policies leveraging our industrial resources, tapped into the diverse value of rural areas, promoted rural industrial upgrading, and supported the comprehensive advancement of national rural revitalization policies. Through the establishment of a globalized supply chain service system, we merged into the new development paradigm of dual circulation at home and abroad, ensuring the supply chain security for the national agricultural products and energy resources. Furthermore, we fulfilled the mission and responsibilities of state-owned enterprises in cultural preservation, caring for children, and social welfare, and facilitated the parallel development of the enterprise with urban growth. We endeavored to accomplish people's longing for a better life and to exploit new value for more people to live a superior life.

We always believe that talent drives the sustainable development of the company. The trust in our company's culture is the key to our employees' enthusiasm and sincerity for C&D Inc. We uphold cultural leadership, shape a culture of "determined progress and integrity," and concentrate on the growth of every employee. We strive to create a fair, just, harmonious, and inclusive working environment, allowing talent to be an inexhaustible driving force for the company's sustainable development.

Currently, we find ourselves amidst China's third wave of development. Confronted by the challenges of energy structural transformation and intelligent manufacturing brought by this wave, we integrate the United Nations Sustainable Development Goals into our corporate sustainable development framework. We actively spearhead the green transformation of industries, foster the development of a circular economy, embark on a journey of growth with our shareholders, customers, and society, and seek harmony and symbiosis as we stride confidently forward.

Chairman of Xiamen C&D Inc.
Zheng Yongda



About C&D Inc.



Set up over
30
overseas companies and offices



Deployed over
300
employees overseas, including local staff and expatriates



Established business relations with
170
countries and regions



Achieving an annual international trade volume exceeding
43.8 billion US Dollars



C&D Inc. is a modern service-oriented enterprise with dual main businesses in supply chain operations and real estate. With the mission of "To exploit new value for more people to live a superior life," and the brand philosophy of "Together Go Beyond", we aim to become a leading international supply chain operator and a distinguished real estate developer in China. We are dedicated to being an exceptional enterprise that fosters employee satisfaction, customer delight, and societal respect.

We continue to explore domestic and international markets and construct a global supply chain service system to support the construction of an efficient and smooth international circulation system in China. We actively integrate into the unified national market, continuously cultivate the markets in the East and South China regions, and vigorously expand into the

central and western regions. We have established 15 platform companies in core cities nationwide. Meanwhile, we seize the development opportunities of the "Belt and Road" Initiative to accelerate international layout and have set up over 30 overseas companies and offices in RCEP member countries, BRICS countries, and countries along the "Belt and Road," including Vietnam, Malaysia, Indonesia, Japan, South Korea, and Brazil. We have deployed over 300 employees overseas, including local staff and expatriates, and established business relations with 170 countries and regions. In 2023, we achieved a total import and export volume and international business volume of \$43.8 billion, representing a year-on-year growth rate of 8.38%.

Highlights of C&D Inc. in 2023

Awards Related to Economy, Society, and Environment

C&D Inc.
640th
on 2023 Forbes Global
Top 2000 Enterprises

C&D Inc.
11th
on Fortune China
Listed Companies

C&D Inc.
"2023 Top 100 Chinese Listed
Companies in ESG"
awarded by Securities Times

C&D Inc.
"Best Listed Company" and
"Best ESG Practice Award"
received from
the 5th New Wealth

C&D Inc.
"Guoxin Cup - ESG Golden Bull Award"
granted by
China Securities Journal

C&D Inc.
2022 Wind ESG Industry
Best Practice Award

C&D Inc.
55th
on "Top 100 Brand Value List of
Chinese Listed Companies"
awarded by National Business Daily

C&D Inc.
"China Business Top 100 Best
Management and Operations Award"
granted by the
China Business Top 100 Forum

Sustainable Development Impact



Total Asset
82,085,187 Ten-thousand RMB

Operating revenue
76,367,815 Ten-thousand RMB

**Net profit attributable
to shareholders of the parent
company**
1,310,400 Ten-thousand RMB

Operating costs
73,040,774 Ten-thousand RMB



Total social contributions
3,833,466 Ten-thousand RMB

- Total tax payment: **1,674,762** Ten-thousand RMB
- Employee compensation: **939,078** Ten-thousand RMB
- Dividends paid to shareholders: **478,299** Ten-thousand RMB
- Interests paid to creditors: **828,988** Ten-thousand RMB
- Social donations: **2,633** Ten-thousand RMB
- Fiscal subsidies received: **90,294** Ten-thousand RMB

Total safety input
436 Ten-thousand RMB

Number of employees
49,752 persons

Volunteer service hours
9,984 hours

Total employee training hours
2,138,972 hours



Total environmental protection input
3,789 Ten-thousand RMB

GHG emissions
973,719 tCO₂e

**GHG emission
intensity**
128 tCO₂e / hundred million RMB of operating revenue

**Total water
consumption**
3,281,383 m³



Note: Data in Social Impact is from audited balance sheets, income statements, or internally audited management reports.

01

ENVIRONMENTAL



Environmental Performance Targets in 2023		Completion Status
1	Organize annual inventory of GHG emissions (Scope 1, Scope 2), and commission a third-party agency to conduct verification of GHG (Scope 1, Scope 2) emission data	✓
2	100% of subordinate production enterprises pass the ISO14001 environmental management system certification and gradually increase the proportion of entities covered by the ISO14001 environmental management system certification	✓
3	No major environmental pollution accidents occur	✓
4	The subordinate production enterprises all achieve the annual target for water consumption per unit of product	✓
5	Develop green circular economy business, with a minimum of 450,000 tons of waste steel resources recycled, a minimum of 35,000 tons of waste aluminum resources recycled, and a minimum of 350,000 tons of waste paper recycled	✓
6	Promote energy transformation and upgrading, invest in the photovoltaic power station business, and promote the development of the new energy vehicle business	▶▶▶

✓ Completed
 ▶▶▶ In Progress
 ✗ Unfinished



Addressing Climate Change

We value the harmonious development between humans and nature, actively research and develop innovative digital technology applications, deeply integrate digital solutions with traditional industrial development, empower traditional industries to achieve green transformation, reduce their energy and resource consumption, and make digitization a solution to promote carbon net zero emissions. We continuously explore the design and research and development of sustainable products such as green materials and green buildings, promote the sustainable development of the human living environment with green concepts, advocate for energy conservation and emission reduction actions, and endeavor to mitigate climate change.



Sustainable Development Framework

We uphold the new development concept of "Innovative, Coordinated, Green, Open, and Shared Development", and actively respond to the national carbon peaking and net zero strategy. We commit to achieving carbon peak by 2030 and net zero emissions by 2060. We incorporate the development of clean technologies into our company's strategy and invest in clean technology research and development. Through the investment in R&D of clean technology and the development of innovative digital technology applications, we aim to achieve cost reduction and efficiency enhancement, empower traditional industries for low-carbon transformation, and drive the green development of the industrial chain while contributing to the global temperature control goals under the Paris Agreement.

Sustainable Development Policies		Sustainable Development Practices	
Environment	<ul style="list-style-type: none"> Xiamen C&D Inc. Environmental Protection Policy 	Environment	<ul style="list-style-type: none"> Actively research and develop innovative digital technology applications, empower the low-carbon transformation of traditional industries, and drive the green development of industrial chains. Proactively engage in green circular economy business, promote recycling of scrap steel, aluminum scrap, waste paper, etc., enhance resource utilization efficiency, and minimize carbon emissions throughout the lifecycle of materials and products. Research and design green products, invest in new energy industries, and promote energy conservation and emission reduction. Optimize water resource management measures, improve water utilization efficiency, standardize the management of pollutants such as waste gas, wastewater, and waste, and ensure compliant discharge. Refrain from undertaking projects in significant ecological conservation areas and their vicinity in business operations, and practice the principle of biodiversity conservation.
Society	<ul style="list-style-type: none"> Xiamen C&D Inc. Human Rights Policy Xiamen C&D Inc. Anti-Discrimination and Anti-Harassment Policy Xiamen C&D Inc. Community Policy Xiamen C&D Inc. Occupational Health and Safety Policy Xiamen C&D Inc. Supplier Code of Conduct Xiamen C&D Inc. Information Security Policy 	Society	<ul style="list-style-type: none"> Cultivate a global supply chain layout, establish a responsible supply chain management system, provide high-quality and sustainable products and services to global customers, and enable more people to live a superior life. Protect human rights, create an inclusive, safe, and healthy work environment, along with competitive compensation and benefits. Conduct community dialogue, establish mutually beneficial relationships for prosperity and coordinated development, support rural revitalization, and fulfill social responsibilities.
Governance	<ul style="list-style-type: none"> Xiamen C&D Inc. Business Code of Conduct Xiamen C&D Inc. Anti-Corruption and Anti-Bribery Policy 	Governance	<ul style="list-style-type: none"> Establish a sound ESG governance mechanism, improve risk management systems, adhere to high ethical standards in business operations, and uphold integrity, freedom, and fairness in the business environment.

Sustainable Development Risk Management

We attach great importance to the challenges and transformation opportunities brought by climate change to human society, and incorporate climate change-related risks into our enterprise risk management process. We combine our business characteristics and conduct identification and analysis of climate change risks based on different climate scenarios under the IPCC and IEA scenario models. We identify and assess the physical risks and transition risks and opportunities in the short, medium, and long term, actively explore development strategies, business plans, and management measures to address climate change risks, continuously improve our sustainable risk response capabilities, and promote sustainable, high-quality development of the company.

Physical Risks

We have selected the very low GHG emissions scenario (SSP1-1.9) and the very high GHG emissions scenario (SSP5-8.5) from the five scenarios under the IPCC's Shared Socioeconomic Pathways (SSP) to conduct Near term, Medium term, and Long term identification and assessment of climate disaster risks affecting our supply chain operations and real estate business.

According to the IPCC's sixth assessment report, compared to 1850-1900, global surface temperature averaged over 2081-2100 is very likely to be higher by 1.0°C to 1.8°C under the very low GHG emissions scenario considered (SSP1-1.9), by 2.1°C to 3.5°C in the intermediate GHG emissions scenario (SSP2-4.5) and by 3.3°C to 5.7°C under the very high GHG emissions scenario (SSP5-8.5). The last time global surface temperature was sustained at or above 2.5°C higher than 1850-1900 was over 3 million years ago (medium confidence).

Relative to 1995-2014, the likely global mean sea level rise by 2100 is 0.28-0.55 m under the very low GHG emissions scenario (SSP1-1.9); 0.32-0.62 m under the low GHG emissions scenario (SSP1-2.6); 0.44-0.76 m under the intermediate GHG emissions scenario (SSP2-4.5); and 0.63-1.01 m under the very high GHG emissions scenario (SSP5-8.5).

The average annual global land precipitation is projected to increase by 0-5% under the very low GHG emissions scenario (SSP1-1.9), 1.5-8% for the intermediate GHG emissions scenario (SSP2-4.5) and 1-13% under the very high GHG emissions scenario (SSP5-8.5) by 2081-2100 relative to 1995-2014 (likely ranges).



Physical Risk Assessment

Climate-related Disaster Risks	Current Status	2030		2050	
		SSP1-1.9	SSP5-8.5	SSP1-1.9	SSP5-8.5
Typhoon and Flood Typhoons may bring strong winds, heavy rain, and storm surges, while floods can result in catastrophic damage to the company's buildings, equipment, and inventory. This could lead to injuries or entrapment of company employees and surrounding residents, and may even trigger secondary disasters such as landslides. It could also result in transportation disruptions, port closures, power outages, and other issues, causing suppliers to be unable to deliver goods on time or facing transportation hindrances, thus affecting the company's normal operations.					
Sea Level Rise Our headquarters are located in coastal areas, and our assets or real estate projects may face risks of being eroded by seawater or decreasing in value. Rising sea levels may disrupt transportation systems, leading to interruptions in our supply chain, adversely affecting the procurement of raw materials and transportation of products, thereby impacting production schedules and delivery capabilities.					
Loss of Biodiversity and Habitat Displacement Degradation of marine, coastal, and terrestrial ecosystems, species extinction, and irreversible loss of ecosystems and their services (including freshwater, terrestrial, and marine ecosystems).					
Extreme High and Low Temperatures Extreme high temperatures may lead to heatstroke, fatigue, and increased health problems among employees, reduce work efficiency and productivity, and affect the normal operation of the enterprise. Equipment may be damaged or malfunction due to overheating in high-temperature environments, resulting in production interruptions. To cope with high temperatures, it may be necessary to increase the use of air conditioning, refrigeration, and other equipment, leading to increased energy consumption and rising operating costs.					
Water Scarcity Caused by Drought This could potentially lead to insufficient supply of water resources for production and daily life during business operations. To mitigate the impact of water pressure and drought on business operations, it may be necessary to allocate additional funds to acquire water resources, such as constructing water treatment facilities, thereby increasing the operational costs of the enterprise.					

Extreme Low Impact Low Impact Medium Impact High Impact Extreme High Impact

Physical Risk Management

Physical Risks	Impact Period	Mitigation Plan
<p>Typhoon and Flood Typhoons may bring strong winds, heavy rain, and storm surges, while floods can result in catastrophic damage to the company's buildings, equipment, and inventory. This could lead to injuries or entrapment of company employees and surrounding residents, and may even trigger secondary disasters such as landslides. It could also result in transportation disruptions, port closures, power outages, and other issues, causing suppliers to be unable to deliver goods on time or facing transportation hindrances, thus affecting the company's normal operations.</p>	Near Term, Mid-Term and Long Term	Conduct risk assessments in areas that may be affected by typhoons in advance, and take reinforcement and protective measures for important equipment and inventory. Develop emergency plans for typhoon and flood prevention, conduct regular safety training and emergency drills for employees, and enhance disaster awareness and self-rescue capabilities. Establish close cooperation with the government and communities to collectively address the challenges posed by typhoons and ensure the safety and health of employees and the lives of surrounding community residents. Prior to the arrival of typhoons and heavy rain, communicate in advance with suppliers and logistics companies to ensure their understanding of the typhoon situation and make corresponding preparations. Pre-stock necessary production materials and raw materials in advance to cope with potential supply chain interruptions.
<p>Sea Level Rise Our headquarters are located in coastal areas, and our assets or real estate projects may face risks of being eroded by seawater or decreasing in value. Rising sea levels may disrupt transportation systems, leading to interruptions in our supply chain, adversely affecting the procurement of raw materials and transportation of products, thereby impacting production schedules and delivery capabilities.</p>	Mid-Term and Long Term	Comprehensively assess the risk of sea level rise in the company's location, carefully evaluate new investments or constructions in low-lying areas or areas vulnerable to sea level rise. Take protective measures such as reinforcing embankments, constructing floodgates, and upgrading drainage systems for existing facilities to enhance their ability to resist disasters such as floods and seawater intrusion. Regularly inspect and maintain these facilities to ensure their normal operation. Establish a diversified supply chain to reduce reliance on a single supplier and mitigate supply chain risks resulting from sea level rise.
<p>Loss of Biodiversity and Habitat Displacement Degradation of marine, coastal, and terrestrial ecosystems, species extinction, and irreversible loss of ecosystems and their services (including freshwater, terrestrial, and).</p>	Mid-Term and Long Term	Conduct environmental assessments and strive to minimize the negative impact of enterprise production and operations on ecosystems. Advocate for biodiversity conservation actions to protect the ecological environment of the local community.
<p>Extreme High and Low Temperatures Extreme high temperatures may lead to heatstroke, fatigue, and increased health problems among employees, reduce work efficiency and productivity, and affect the normal operation of the enterprise. Equipment may be damaged or malfunction due to overheating in high-temperature environments, resulting in production interruptions. To cope with high temperatures, it may be necessary to increase the use of air conditioning, refrigeration, and other equipment, leading to increased energy consumption and rising operating costs.</p>	Near Term, Mid-Term and Long Term	Provide necessary cooling or warming equipment to ensure the health and safety of employees in high or low temperature environments. Additionally, schedule work hours sensibly to avoid outdoor tasks during periods of extreme temperatures, reducing employee exposure to such conditions. Regularly maintain and inspect critical equipment to ensure its proper functioning in extreme temperatures. Optimize office environment design with natural ventilation and shading measures to reduce air conditioning load. Actively seek renewable energy sources and energy-saving technologies to reduce energy consumption and operational costs.
<p>Water Scarcity Caused by Drought This could potentially lead to insufficient supply of water resources for production and daily life during business operations. To mitigate the impact of water pressure and drought on business operations, it may be necessary to allocate additional funds to acquire water resources, such as constructing water treatment facilities, thereby increasing the operational costs of the enterprise.</p>	Near Term, Mid-Term and Long Term	Develop a comprehensive water resource management strategy, including water-saving measures, water recycling, rainwater harvesting, etc., to reduce reliance on external water resources. Conduct regular assessments of water resource risks and implement corresponding response measures, such as establishing emergency water reserves and formulating contingency plans. Organize regular employee awareness campaigns and training on water resource conservation to enhance water-saving awareness. Adopt advanced water-saving technologies and processes to improve water resource utilization efficiency. Avoid water conservation areas as much as possible before project construction or acquisition, and collaborate with governments and communities to participate in water resource conservation and governance efforts, and jointly promote the sustainable utilization of water resources.

Transition Risks

With reference to the IEA's scenario model, we selected the Net Zero Emissions by 2050 (NZE) Scenario, where the global energy-related CO2 emissions are expected to reach net zero by 2050, offering the world a chance to limit the global temperature rise to within 1.5 °C. We also choose the Stated Policies Scenario (STEPS), which considers only specific policies already enacted or announced by governments, and annual CO2 emissions from energy-related and industrial processes are projected to increase from 34 gigatons in 2020 to 36 gigatons in 2030, and remain at approximately the same level until 2050. If emissions continue along this trajectory and non-energy-related greenhouse gas emissions follow a similar trend, the global temperature is estimated to rise by around 2.7°C by 2100 (with a 50% probability). By 2050, the share of renewable energy in global electricity generation is projected to approach 55%. Over the period from 2020 to 2050, global coal consumption is expected to decrease by 15%, oil consumption to increase by 15%, and natural gas consumption to increase by nearly 50%. We conducted short-term, medium-term, and long-term identification and assessment of the transition risks to our supply chain operations and real estate business, and formulated corresponding measures to enhance the company's ability for sustainable development.

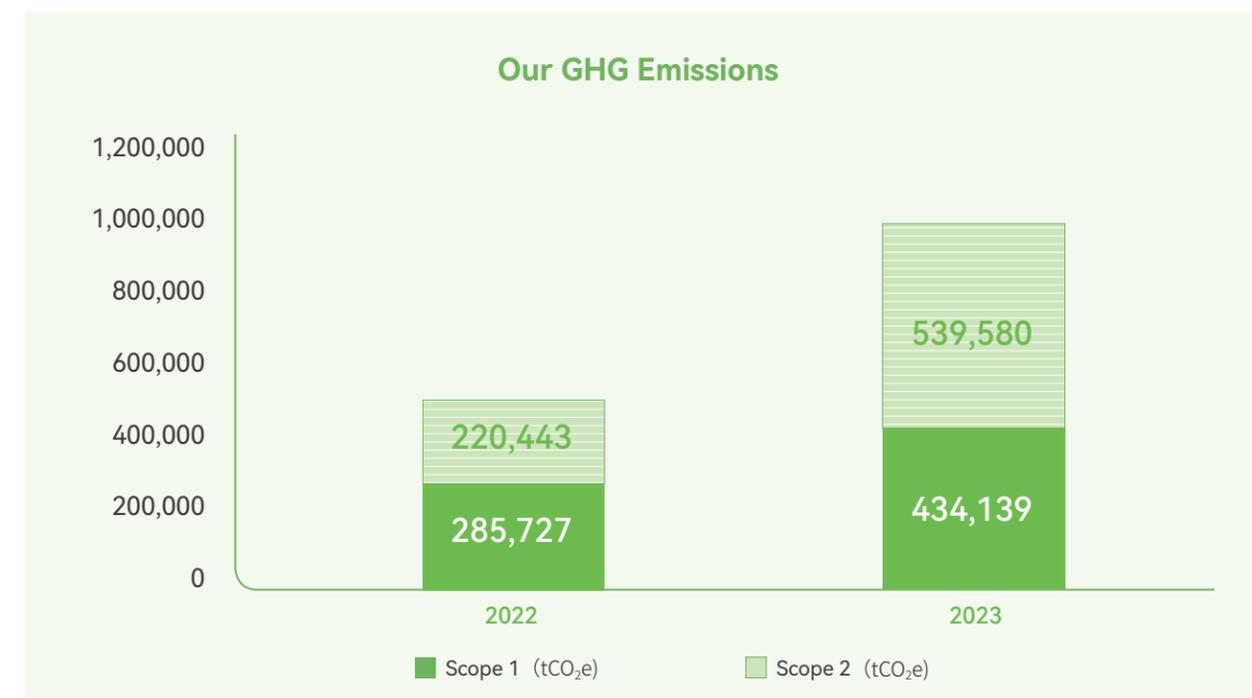
Transition Risks	Impact Period	Mitigation Plans
Geopolitical Conflict	Near Term, Mid-Term and Long Term	<ul style="list-style-type: none"> Uphold a strategy of specialized operation, improve the construction and management of professional groups and business units, and promote the specialized development of each operating unit. Support the expansion of core business operations, consolidation of market position, and enhancement of industry status and core competitiveness from aspects such as resource allocation, management mechanisms, and industrial investment. Speed up the "going global" layout, grounded on the domestic and international dual circulation development pattern, continuously cultivate the advantageous regional markets such as East China and South China domestically, actively expand the markets in the central and western regions, integrate into the countries that have signed the RCEP agreement overseas, establish local teams and channels, and proactively build a global supply chain system. Bolster the technological and financial empowerment, accelerate the application of digital technology, and realize the online, digital, mobile, and visual operation of supply chain operations. Explore various financing channels, optimize the financing structure, flexibly use various financial products and tools, reasonably hedge against exchange rate risks, reduce financing costs, and improve profitability. Strengthen investment support on the basis of specialized operations, seek cooperation opportunities with industry-leading enterprises, extend the layout of core businesses to the upstream and downstream industrial chains, and continuously enhance the competitiveness of core businesses through resource sharing.
Macroeconomic Policy Adjustment	Near Term, Mid-Term and Long Term	<ul style="list-style-type: none"> Closely monitor the macroeconomic situation and track industry regulatory dynamics, follow the direction of macro-control policies, and promptly formulate response measures in accordance with policy changes. Fully consider policy risks in land acquisition and reserve sufficient safety margins. Systematically enhance operational efficiency, balance growth speed with development quality, improve the quality of products and services, and actively establish a diversified matrix of real estate-related businesses to cope with external uncertainties.

Energy Technology Transformation	Near Term, Mid-Term and Long Term	<ul style="list-style-type: none"> Actively research and develop innovative digital technology applications, continuously promote the development and innovation of digital application in the supply chain, integrate digital solutions with traditional industrial development, empower traditional industries to achieve green transformation, reduce their energy and resource consumption, promote overall energy saving, cost reduction, quality improvement, and enhance the competitiveness of products and sustainable development capabilities. Actively explore the research and design of green materials through research and innovation in green environmental protection technology, provide environmental protection solutions for footwear and bags products, and empower the green development of upstream and downstream enterprises. Inject green ecological concepts into urban architectural practice through innovative research and development of the fourth generation of residential buildings to achieve harmonious development between buildings and the environment. Develop new energy businesses and markets, cooperate in the construction and operation of photovoltaic power stations in multiple regions domestically, invest in and operate various new energy brand 4S stores, promote the development of new energy public service vehicle businesses, continuously develop the photovoltaic, energy storage, and new energy vehicle industry chains, expand overseas markets, and accelerate integration into the global new energy value chain.
Market Price Fluctuations	Near Term, Mid-Term and Long Term	<p>Implement corresponding management measures based on different commodities and business models:</p> <ul style="list-style-type: none"> For agency business and transactions involving locked-in customers, mitigate certain risks in the initial contract phase by selecting high-quality clients and collecting deposits. After business commencement, track and control risks through methods such as price adjustments. For proprietary operations, implement unilateral exposure volume control. Utilize floating pricing and index pricing settlement methods during business operations. Additionally, hedge against price risks through reasonable futures or options protection. Closely monitor changes in relevant commodity market prices and external situations. Encourage operational units to expedite turnover and reduce price risks through real-time price monitoring.
Intensification of industry competition	Near Term, Mid-Term and Long Term	<ul style="list-style-type: none"> Combine years of deep experience with accumulated channel and brand advantages to establish a multi-category supply chain service business matrix, forming a competitive advantage through scale and specialization. Promptly engage with national policies, expedite expansion into the "Belt and Road" initiative and other global markets, explore novel models and new business sectors, and continuously enlarge the business footprint and market reach. Strengthen information technology construction to accelerate business operation efficiency. Enhance the value-added service solutions, increase customer stickiness, and enhance industry influence to strengthen overall business competitiveness. Continue to optimize real estate projects, intensify the focus on existing key regions, and steadily expand into promising cities. Continuously develop distinctive products, strengthen brand characteristics, tailor benchmark projects for key cities according to local conditions, and leverage the value of real estate-related commercial services such as "real estate +" to enhance differentiation competitive advantages.

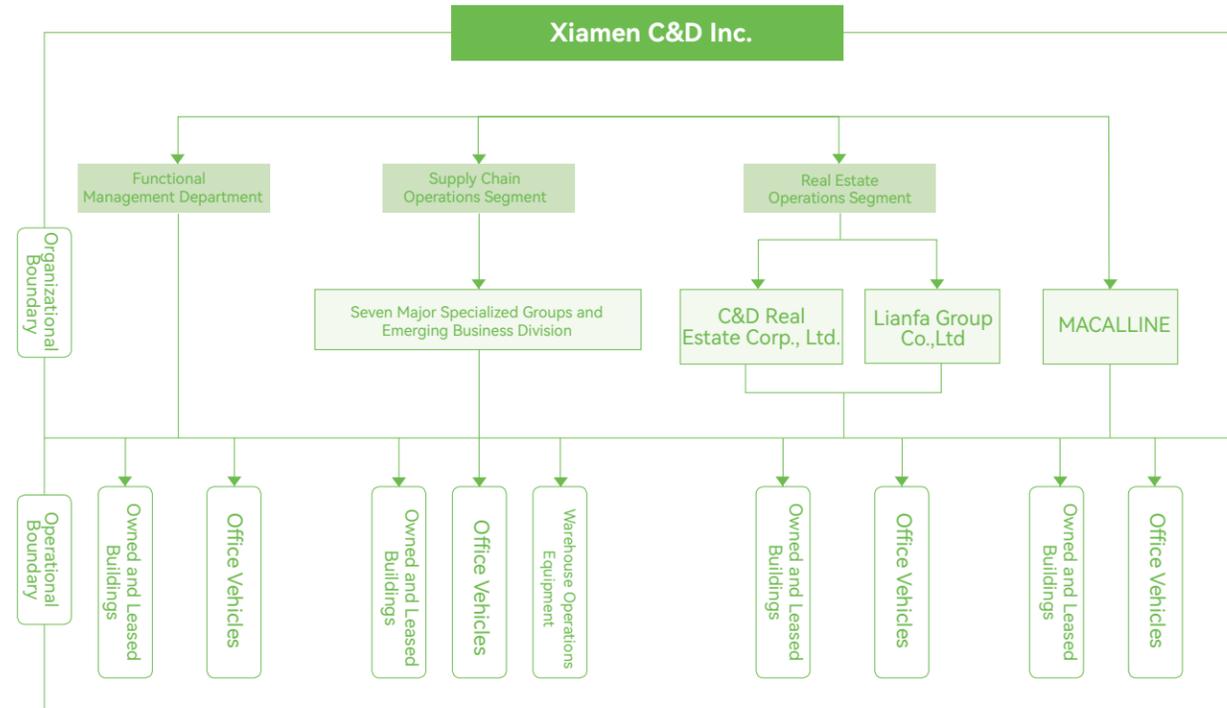
GHG Emissions Management

In compliance with the ISO14064-1:2018 standard, we conducted a greenhouse gas inventory for entities within the consolidation scope using the operational control approach in 2023. In 2023, our total greenhouse gas emissions (Scope 1 + Scope 2) amounted to 973,719 tCO₂e, representing an increase compared to 2022 mainly due to the acquisition of Meikailong during the reporting period. If we exclude the GHG emission data from Macalline during the reporting period and maintain a consistent comparison between 2022 and 2023, the company's total greenhouse gas emissions (Scope 1 + Scope 2) would be 490,542 tCO₂e. This reflects a decrease of 15,628 tCO₂e compared to 2022, representing a year-on-year decline of 3.1%.

Category	2023	2022
Scope 1: Direct GHG Emissions (tCO ₂ e)	434,139	285,727
Scope 2: Indirect GHG Emissions (tCO ₂ e)	539,580	220,443
Total GHG Emissions (tCO ₂ e)	973,719	506,170
Carbon Emissions Intensity (tCO ₂ e/hundred million RMB of operating revenue)	128	61



Organizational Boundary of 2023 GHG Inventory



2023 GHG Inventory Scope

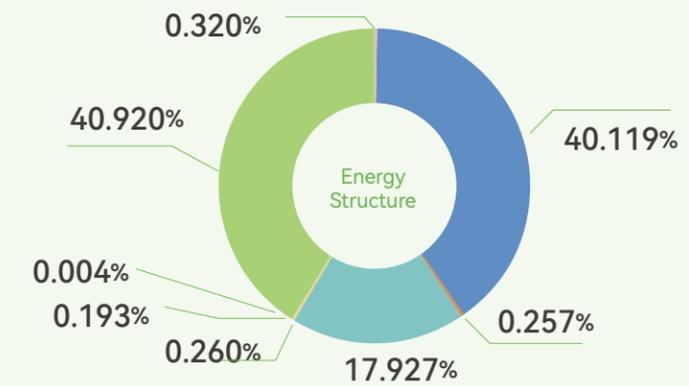
Our greenhouse gas inventory scope for 2023 includes Scope 1 direct emission sources and Scope 2 indirect emission sources. Specifically, Scope 1 encompasses emission sources such as natural gas boiler combustion, vehicle combustion facilities, as well as fugitive emissions from air conditioning units, fire extinguishers, etc. Scope 2 includes greenhouse gas emissions generated from purchased electricity, heat, and other sources.

Elaboration on Energy Consumption in 2023

In 2023, our primary energy sources were coal and electricity. The specific energy consumption breakdown is as follows:

2023 Energy Consumption

Energy Type	2023	2022	2023 Energy consumption in 2023 (tonnes of standard coal)	2022 Energy consumption (tonnes of standard coal)	2023 Energy consumption proportion (%)
Coal (t)	166,254	137,412	118,755	98,153	40.920
Electricity (kWh)	947,373,073	259,624,703	116,432	46,739	40.119
Natural Gas (m ³)	39,117,790	105,488	52,027	140	17.927
Thermal (GJ)	27,266	16,482	930	562	0.320
Gasoline (L)	701,654	914,023	754	982	0.260
Steam (t)	7,193	/	746	/	0.257
Diesel (L)	446,758	494,618	560	620	0.193
Liquefied Petroleum Gas (kg)	6,560	1,323,280	11	2,269	0.004
Total			290,215	149,465	100



Electricity Steam Natural Gas Gasoline Diesel Liquefied Petroleum Gas Coal Thermal

GHG Emissions Reduction Schemes

We proactively align with the national carbon peaking and net zero strategy and draw insights from the "Corporate Net Zero Pathway - Delivering the Paris Agreement and the Sustainable Development Goals," released by the United Nations Global Compact (UNGC). Through the adoption of digital technology research and innovation, green product development and design, and advocacy for energy conservation and emissions reduction, we aim to not only reduce GHG emissions from our own operations but also facilitate the low-carbon transformation of traditional industries and drive the green development of the industrial chain.

Research and Application of Digital Technology

The application of digital technology, through enhancing resource utilization efficiency, reducing pollution emissions, promoting green consumption, and minimizing carbon emissions, serves as a pivotal clean technology in realizing carbon peak and net zero objectives and advancing sustainable development across the economy and society. We keep innovating digital technology applications, continuously deepen the development and innovation of digital application scenarios within the supply chain. We intricately integrate digital solutions with the evolution of traditional industries, empowering them to undergo a green transformation while curbing their energy and resource consumption. This fosters comprehensive energy savings, cost reductions, quality enhancements, and efficiency improvements throughout the industrial chain, thus collectively propelling green and low-carbon development within the industry.



Highlight

Internet Platform for the Pulp and Paper Industry

The pulp and paper industry chain encompasses upstream international pulp mills, midstream paper mills, as well as downstream printing and packaging factories, with tens of thousands of enterprises involved. Leveraging our innovative "LIFT Supply Chain Services" system, we have developed a leading pulp and paper industry internet platform, with core products including "E-Pulp" and "PaperSource". Through technologies such as artificial intelligence, blockchain, cloud computing, and big data, we have introduced a digital holistic solution centered around information, storage and transportation, finance, and risk control, achieving efficient linkage between online and offline scenarios and resources. This has addressed the high costs, logistical challenges, and funding shortages traditionally faced in the pulp and paper industry. We have propelled the transformation and upgrading of the entire industry chain, and achieved cost reduction and efficiency enhancement by providing customers with comprehensive, high-quality, and customized supply chain services. We have also introduced artificial intelligence technologies such as digital human technology to enrich the content of information programs, and created a series of popular audio and video programs to tackle the information barriers and scattered information sources in the pulp and paper industry. In promoting the digitization of international business, the pulp and paper industry internet platform collaborates with upstream suppliers in the international pulp supply chain to explore paperless transactions in the global pulp and paper industry. This has facilitated the rapid circulation of electronic documents globally, enabled the full digitization of business processes, saved resources, and improved the efficiency and security of transactions.



2023

Our pulp and paper industry internet platform was awarded

the second prize
in the

"First State-owned Enterprise Digital Scenario Innovation Professional Competition" by the SASAC,

recognized our company's proactive exploration and leading role in the digital transformation of the pulp and paper industry

We ranked

9th

on the
"China Industrial Internet Top 100 List"

We received the honor of the
"2021-2023 Enterprises with Outstanding Contributions to the Tenth Anniversary of China Industrial Internet Development"



Highlight

C&D Esteellink

Drawing on the demand for high-quality supply chain services from ecological partners across the upstream and downstream of the steel industry chain, we have launched the "C&D Esteellink" collaborative platform. This platform, built upon the "LIFT Supply Chain Services," integrates key elements such as logistics, information, finance, and business to revamp traditional supply chain operation service processes with optimized management and services model. It improves operational efficiency and user experience for the steel industry clients through offering online contract signing, logistics tracking, self-service delivery, and intelligent settlement reconciliation, improving quality and efficiency for both upstream and downstream stakeholders in the steel industry.



2023



In 2023, at the 6th Digital China Summit, the "C&D Esteellink" platform was awarded the second prize in the competition for its use of technology to empower supply chain operations, reduce costs, increase efficiency, and promote low-carbon transformation and development. It won the award for its digital application scenario of "Create an Internet platform for the steel industry to empower collaborative development in the steel industry."



Green Products Design and R&D

We continuously explore the design and R&D of green products such as green materials and green buildings in our supply chain operations and real estate business, and promote the sustainable development of living environments with green concepts.



Green Pulp and Paper

We innovate by using bamboo instead of wood to produce our own brand "Choice of Purity" Natural Bamboo Pulp Paper. The "Choice of Purity" Natural Bamboo Pulp Paper adheres to the principle of purity, with no fluorescent agents, bleaching agents, sterile, or harmful additives. The COD emissions during the production process are only half of those of white paper. Additionally, it has passed international food-grade tests such as those from the U.S. FDA and the EU's AP.



Raw Materials Sourcing

The "Choice of Purity" Natural Bamboo Pulp Paper is sourced from the bamboo forests of Muchuan, where the unique fiber of the local Bambusa Emeiensis is ideal for papermaking. Bambusa Emeiensis is a typical cluster plant, maturing in three years, and after maturity, the old bamboo can be harvested annually, leaving new shoots to grow. Proper harvesting promotes the healthy growth of bamboo forests, ensuring lush greenery in the mountains and effectively preventing soil erosion and loss of water and soil.

Environmental-friendly Technology

Compared to traditional chemical pulping, modern bamboo pulp production technology places greater emphasis on environmental protection. The pulping production line for "Choice of Purity" bamboo pulp adopts advanced international technologies such as Displacement Digester System and Closed Screening. The extended delignification of bamboo pulp and related clean technologies have been included in the National Development and Reform Commission's major industrial technology development special projects. Advanced pulping technology provides support for product quality. The leading product, high-grade bamboo pulp board, features high strength, good air permeability, absorbency, and significant antibacterial properties. It is environmentally friendly, free from toxic elements, and suitable for the production of household paper and high-quality paper. Compared to wood pulp papermaking, every ton of bamboo pulp paper saves one ton of steam consumption. The energy consumption of "Choice of Purity" bamboo pulp paper is about 300 kilograms of standard coal per ton of product, which is approximately 350 kilograms lower than the national clean standard (650 kilograms of standard coal). Additionally, bamboo pulp waste residue is processed into mushroom planting fertilizers to promote local economic development and protect the local ecology.



Over the past decade, the total production capacity of bamboo pulp at the pulp mill we invested in has reached 3.60 million tons. While catalyzing the development of industries worth 4 billion RMB in Muchuan County, Sichuan Province, we have also contributed to raising the forest coverage rate from 13.8% to 77.34%. The area of bamboo forests has expanded from 20,000 mu in the 1980s to 800,000 mu. The cumulative substitution of wood pulp resources is equivalent to saving the logging of 1 million mu of forests.

The total production capacity of bamboo pulp at the pulp mill we invested in has reached **3.60 million tons**. The cumulative substitution of wood pulp resources is equivalent to saving the logging of **1 million mu** of forests.

● Green Material

We incorporate environmentally friendly materials such as SORONA, CELYS, and PRIMALOFT BIO into our product designs. We present a green and eco-friendly design concept by employing green materials, printing and dyeing techniques, and production processes. We are committed to transforming the traditional textile fabric production process that generates carbon dioxide emissions. For different markets and certification standards, we rigorously select suppliers based on four dimensions: product recycling, production and sales supervision, social and environmental practices, and chemical restrictions. We also provide various certifications such as GRS, GOTS, OEKO-TEX, BCI, and RCS. We actively explore and utilize recycled polyester, recycled cotton, plant fibers, biodegradable biomaterials, and carbon-negative materials, offer sustainable development solutions for clothing and textile products, and empower green and sustainable development across the entire industry chain.



In the field of bio-based outsoles, we have conducted in-depth research on sustainable solutions utilizing sugarcane, corn, soybeans, and straw for bio-fermentation, and customized production of bio-based outsoles and raw materials with content ranging from 20% to 90% for our clients. By replacing petroleum-based materials with bio-based ones in outsole production, we have fully achieved material recyclability, biodegradability, and ecological sustainability.

● Green Building

It is a crucial initiative to develop green and low-carbon buildings for conserving resources, protecting the environment, and achieving sustainable development. We abide by national and industry requirements for green buildings, such as the "Assessment Standard for Green Building," "Code for Green Design of Civil Buildings," and "Design Standard for Energy Efficiency of Public Buildings." We rigorously manage environmental protection throughout the entire lifecycle of buildings, from design to operation, promoting practices in green building design, sponge city design, prefabricated building technology, BIM technology, and ultra-low energy consumption buildings. This enhances project quality, construction efficiency, maximizes resource conservation, reduces negative environmental impacts, and constructs safe and comfortable green and low-carbon buildings, to establish harmonious coexistence between buildings and nature. In 2023, we completed 11 new green building projects with 2 projects obtained the one-star green building certification.

| 2023

We completed **11** new green building projects with **2** projects obtained the one-star green building certification.



Highlight

"C&D·Man Yun" Project in Fuzhou



As the first residential project with three-dimensional greening in Fuzhou, the "C&D·Man Yun" project integrates the concept of "sky gardens" and "sky garden streets" into the traditional large flat layout. It introduces vertical greening, forming an architectural form of "streets and lanes on each floor, courtyard for each household." While ensuring building quality and safety, this design enhances the greening rate of the community and the comfort of residents, achieving harmonious development between architecture and the environment.

 **Highlight**

Projects of “C&D·Man Yun” and “C&D·Jing Yuan” in Shanghai

Ultra-low energy buildings have become one of the important trends in building development today. Not only do they help reduce energy consumption and environmental pollution, but they also enhance the comfort and quality of buildings, creating healthier, more comfortable, and livable living environments. We actively promote the construction of ultra-low energy buildings and employ technologies such as external sun shading, energy-efficient doors and windows, insulation of building envelopes, and efficient heat recovery in project construction to reduce the demand for building heating and cooling. We optimize heating, ventilation, and air conditioning (HVAC) systems to improve energy efficiency and fully utilize renewable energy sources such as solar energy. By providing comfortable indoor environments with less energy consumption and meeting the basic requirements of green buildings, we effectively reduce building energy consumption and achieve sustainable development in construction. In 2023, we developed multiple ultra-low energy or nearly zero energy projects in cities like Shanghai and Hefei. Among them, the Man Yun Project in Minhang District, Shanghai, is expected to save 745,700 kWh of electricity annually, equivalent to saving 215.3 tons of standard coal, representing approximately 50% energy savings compared to conventional residential projects. The Jing Yuan Project in Shanghai is expected to save 913,200 kWh of electricity annually, equivalent to saving 723.34 tons of standard coal, representing approximately 60% energy savings compared to conventional residential projects.

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Energy-saving and Emission-reduction Actions

As a responsible enterprise, we actively promote energy-saving and emission-reduction actions. We rigorously regulate the utilization of energy and resources in the workplace through green office practices, eco-friendly transport, equipment energy-saving upgrades, and other methods. We also strengthen employees' awareness of resource conservation and environmental protection, aiming to improve the efficiency of energy and resource utilization and achieve energy-saving and emission-reduction goals.



Green Office Practices

We are comprehensively advancing the digitalization of office systems, providing online services for administrative management, personnel management, financial management, and business applications, among other office scenarios, to enhance operational efficiency, unleash collaborative value, and create a paperless intelligent office environment.

In our efforts towards energy conservation and emission reduction in the workplace, we have formulated the "Xiamen C&D International Building Daily Safety, Energy Saving, and Environmental Hygiene Management Measures." The Green Office Working Group conducts daily inspections on energy-saving measures in the office building to ensure their effective implementation. For instance, we post energy-saving signs in public areas, encouraging employees to turn off power when leaving work. We install smart motion sensors in staircases, bathrooms, and other public areas to automatically turn off lights when unoccupied, eliminating the phenomenon of "long-term lighting". We reduce the number of lighting fixtures in office areas with sufficient natural sunlight, minimizing energy consumption. We prioritize the use of fans during weekend overtime shifts and strictly control additional requests for air conditioning usage. In our real estate business, the construction project departments strictly control air conditioning usage, ensuring indoor temperatures do not fall below 26°C in summer and do not exceed 20°C in winter. We primarily rely on solar energy for hot water supply in workers' bathrooms at construction sites, with electricity serving as a backup to reduce energy consumption. Maintenance, repair, and inspection systems are established for construction machinery and equipment to optimize their utilization and load capacity through reasonable process arrangements. Energy-saving signs are prominently placed at power sources to remind employees to adopt electricity conservation habits.

Eco-friendly Transport

We advocate for daily work communication and collaboration through video conferences and remote work to reduce greenhouse gas emissions generated by business trips. We encourage employees to carpool for necessary official trips to achieve a low-carbon commuting.

Equipment Energy-saving Upgrades

We are implementing management measures aimed at "reducing unnecessary energy consumption and implementing energy-saving technology upgrades" and "developing low-energy office equipment and everyday appliances to decrease office power consumption." We actively advocate for the adoption of environmentally friendly and energy-efficient appliances and facilities to achieve our energy-saving objectives. For instance, in office areas, we utilize energy-efficient lighting and make optimal use of natural site conditions, ensuring a well-designed layout for office and temporary living facilities that considers proper orientation, spacing, and window-to-wall ratio. Temporary facilities are constructed with color steel composite walls for insulation, insulated roofs, and sealed doors and windows with excellent heat insulation properties to ensure effective insulation and minimize energy wastage. Energy-efficient lighting is employed extensively in construction sites, office areas, and living quarters, both indoors and outdoors. Specific on and off timings are established for lighting in tower crane lights, office areas, and living quarters, with adjustments made according to seasonal requirements to reduce energy losses. We have established lighting operation maintenance and management systems and continually enhance energy-saving rates through electricity consumption tracking and comparative analysis. Automatic opening and closing times for various light sources, such as light strips in public office areas, are shortened to minimize energy consumption.

 Highlight

Cost Control and Efficiency Enhancement

Based on the energy consumption data for the year 2022 and the expected increase in project area for the takeover project in 2023, our subsidiary C&D Property and its business units jointly set the energy-saving target for the year 2023, aiming for a 5% improvement in energy efficiency. C&D Property requires all business units and projects to strictly adhere to the "Energy Conservation and Control Standard in Public Area" and "Energy Saving Management Operation Guide," continuously improve and implement the water and electricity management system in office areas, and start implementing energy-saving measures from the initial stage of budget formulation through adjusting cost budgets to ensure the smooth achievement of energy-saving targets. Each business unit has formulated energy-saving plans based on the actual situation of their respective projects, detailing energy-saving modules, methods, monthly projected energy-saving data, completion time of energy-saving plans, and responsible personnel from multiple dimensions. At the same time, energy-saving indicators have been included in the quarterly assessment of business unit functions as bonus points to encourage active participation in energy-saving work by all business units.

-  Completed the local temperature control transformation of 320 elevator machine rooms, achieved automatic adjustment of air conditioning and fans based on room temperature, and significantly improved the energy-saving effects.
-  Replaced the lighting fixtures in the underground garage with dual-brightness radar induction lighting fixtures, automatically adjusted brightness based on pedestrian and vehicle flow in the garage, and supported regional networking to meet the travel needs of owners. The energy-saving effect of a single project achieved at 20% approximately.
-  Strengthened the requirements for temperature settings and switch-off times for office area air conditioning, formulated relevant management systems, implemented energy-saving measures in office areas, and posted conspicuous reminder signs at air conditioning switches, and saved approximately 5,600 kWh of electricity per month.
-  Optimized the automatic switch-off time and temperature of terminal fan coils or air conditioning subunits based on the number of personnel in office area, and saved approximately 6,200 kWh of electricity per month.



 Highlight

Human-Machine Collaboration for Energy Efficiency

C&D Property implemented a human-machine collaboration work mode in the Walton 1275 project, achieving a high equipment coverage rate of up to 90% in the park. All of the aforementioned equipment operated on electric power and abandoned traditional fuel-based equipment. Combined with standardized equipment management, it ensured efficient and energy-saving operation of the equipment, achieving a 46% increase in equipment utilization efficiency and effective carbon emissions reduction. Taking the floor scrubber in the underground garage as an example, after optimization, one machine only needed to operate four times per month to complete the cleaning of 1,640 parking spaces, which significantly improved work efficiency and reduced energy consumption.

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 Highlight

Equipment Renovation for Energy Conservation

In 2023, MACALLINE completed the transformation of six ultra-low nitrogen burners in two of its shopping malls. After the transformation, the air-fuel ratio and gas efficiency of the boilers reached their highest levels, with a combustion efficiency of up to 99.9%. Emissions of nitrogen oxides and other pollutants met environmental protection standards. Additionally, MACALLINE replaced and repaired 172,000 LED energy-saving lamps in the shopping malls, achieving a coverage rate of 99% with the LED energy-saving lamps which effectively reduced the energy consumption of the malls.

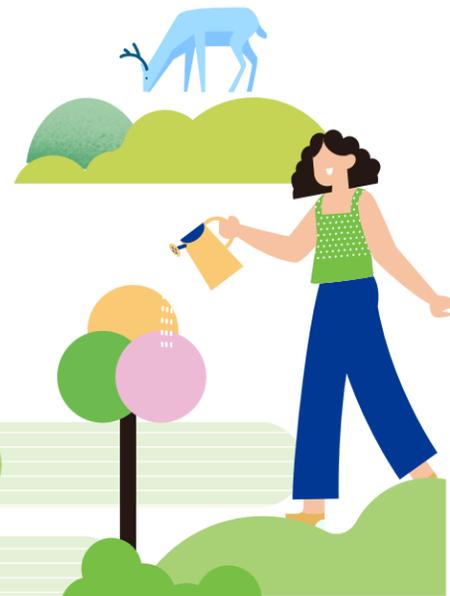
Replaced and repaired **172,000** LED energy-saving lamps in the shopping malls

Achieving a coverage rate of **99%** with the LED energy-saving lamps



Pollution Prevention and Ecosystem Protection

As a leading domestic supply chain operator and real estate developer, we are committed to creating an environmentally friendly and comfortable business and living environment for stakeholders worldwide. We strive to minimize the environmental impact of our operations. We have formulated an "Environmental Protection Policy" that sets forth standardized requirements for our company and its subsidiaries in reducing pollutant emissions, conserving water resources, and protecting biodiversity, among other aspects. Our company's management is responsible for environmental issue management objectives and pledges to oversee the implementation of environmental management policies and the improvement of environmental performance. Our production-oriented enterprises under the company have obtained ISO14001 environmental management system certification.



Pollutants Emissions Control

We strictly adhere to relevant laws and regulations such as the "Air Pollution Prevention and Control Law of the People's Republic of China," the "Water Pollution Prevention and Control Law of the People's Republic of China," the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste," and the "Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution." We regulate the management of pollutants such as exhaust gases, wastewater, solid waste, and noise to minimize the negative impact of emissions from our business operations on the surrounding environment. In 2023, we did not experience any significant environmental pollution incidents and did not receive any related penalties.

Exhaust Gas Emission Management

In the real estate business, construction exhaust gases and dust are common pollutants during the construction process, which can have a certain impact on the surrounding environment and human health. We have implemented a series of proactive measures to manage and control the emissions of construction exhaust gases and dust during project construction:



Exhaust Gas Management

We select decoration materials that have been tested and certified by statutory testing units, and conduct assessments of hazardous substances in accordance with relevant national regulations and standards. We prohibit the burning of construction waste and other materials that produce toxic, harmful smoke, and foul odors within the construction area to minimize environmental pollution.



Dust Management

- Dust identification signs are installed on the construction site to identify dust generation during various stages and processes of construction, enabling precise management by classifying pollution levels in advance.
- Early overall planning is conducted for site leveling, and concrete hardening is applied to construction roads.
- Dedicated personnel are assigned to perform daily cleaning, and water trucks are deployed for regular watering to keep the roads moist.
- Uncovered soil is managed by a combination of planting grass and using green nets to control dust, ensuring comprehensive coverage of site management without leaving any blind spots.
- Sprinklers are installed at fencing, scaffolding, mixing sheds, and tower crane locations, equipped with mist cannons, water trucks, and portable dust prevention devices to establish a comprehensive and multi-level dust control system. According to pollution weather response notifications issued by government departments, the sprinkler system is activated at specified intervals throughout the day to reduce dust.
- Monitoring points are set up for the main sprinkler systems of each project, utilizing wireless sensor technology and laser dust testing equipment to monitor PM2.5 levels online. The sprinkler system is activated in real-time when PM2.5 levels exceed 75µg/m³, automatically spraying until PM2.5 returns to normal levels.
- Mortar mixing operations are centralized within enclosed mixing sheds, with sprinkler systems installed around the perimeter of the shed roof.
- The design of discharge outlets in garbage recycling channels is optimized, with spray systems installed to prevent dust pollution.
- Automatic high-pressure water systems are installed at the washing bay to ensure that vehicles leaving the construction site are cleaned, reducing road pollution.

In the operation of shopping malls under our company, we attach great importance to the issue of kitchen fume emissions in the catering industry. We have implemented practical and effective measures to comprehensively manage kitchen fume emissions in the malls we operate. This includes establishing strict standards for kitchen fume emissions, regulating the design of kitchen fume ducts, and installing fume purifiers in the catering outlets of the malls to ensure that fumes are emitted only after meeting the standards. Additionally, we have undertaken renovations on the slag bin bag dust removal system, replacing filter bags for the bag filter, actively improving dust removal efficiency, and reducing exhaust gas emissions.

● Wastewater Discharge Management

In the real estate business, we have implemented strict measures for wastewater discharge management during project construction, ensuring efficient treatment and environmentally friendly discharge of wastewater.

- ✓ Each project site is equipped with three-stage sedimentation discharge facilities, with sedimentation tanks installed at the front of mixers, concrete conveying pumps, and cleaning areas for transportation vehicles. Sediments in the tanks are regularly removed.
- ✓ Efficient sewage discharge systems are established on construction sites to ensure separate use of rainwater and sewage networks. It is strictly prohibited to discharge non-rainwater into municipal rainwater pipelines.
- ✓ Temporary roads and material storage areas on site are planned with drainage ditches to control sewage flow. Sewage is directed into municipal sewage pipelines after sedimentation to prevent construction sewage from directly entering municipal sewage pipelines or polluting the environment.
- ✓ Cafeterias in living areas are equipped with grease traps. Oil residues are treated through sedimentation and grease separation before being discharged into municipal sewage pipelines. Food residue bins are provided to handle food residues properly, and it is strictly prohibited for food residues to flow into municipal pipelines.
- ✓ Toilets in living areas are equipped with septic tanks. Sewage is decomposed and settled before being discharged into municipal sewage pipelines through on-site pipelines, and regular cleaning is conducted using cleaning vehicles.
- ✓ Special storage rooms and ground sealing measures are implemented to strengthen the management of oil and chemical storage on site, and arbitrary dumping of oil is strictly prohibited to ensure that water and soil resources are not polluted.

Our company's production factories actively carry out projects to upgrade sewage treatment pump stations, along with constructing anaerobic tanks and supporting facilities, aiming to enhance sewage treatment capacity and reduce wastewater discharge. Additionally, we utilize grease traps to purify and treat kitchen wastewater generated by the malls operated under our company, ensuring that the wastewater meets the required standards before discharge.

● Waste Discharge Management

We implement measures for classified management of household waste, mall waste, as well as general and hazardous waste generated during paper mill operations and real estate construction projects, aiming to minimize waste generation and discharge. Additionally, we have developed comprehensive emergency plans such as the "Comprehensive Emergency Plan for Sudden Environmental Incidents" and the "Special Emergency Plan for Sudden Environmental Incidents of Hazardous Waste," and actively conduct emergency drills for sudden environmental incidents. These drills focus on emergencies such as hazardous chemical spills and waste oil leaks, aiming to prevent and mitigate the harm caused by sudden environmental incidents, and safeguard public health and environmental safety.

Household Waste

Fixed garbage collection points are set up within the community, equipped with clearly labeled and color-coded waste sorting containers to ensure residents dispose of garbage correctly. Hazardous waste collection bins are also treated to prevent leakage, avoiding secondary pollution. Property management is responsible for coordinating and managing various aspects of community household waste classification, including collection, transportation, and disposal. In office buildings, garbage sorting bins are placed in pantries and elevator lobbies to encourage employees to actively participate in and correctly carry out waste sorting.

Mall Waste

We use classified garbage bins to sort and store waste, and have signed waste removal contracts with waste disposal companies to ensure compliant handling of building waste.

Paper Mill Waste

During the pulp and paper production process, we have established a "Responsibility System for Prevention and Control of Hazardous Waste Pollution" to strengthen the management of the entire process of solid waste generation, storage, utilization, and disposal. Hazardous waste is entrusted to qualified companies for disposal. General solid waste such as fly ash, slag, and desulfurization gypsum are utilized as raw materials by building material companies. Paper mill waste is utilized as raw materials for comprehensive utilization projects of paper mill waste. Waste plastics, waste pulp, and waste metals are sold as production raw materials externally. Unusable bottom slag and sludge are entrusted to qualified companies for incineration. Additionally, a small amount of sludge is co-fired with coal in the company's boilers for fuel utilization.

Construction Waste

- Establish dedicated temporary storage sites for waste and store them separately, especially those that may cause secondary pollution. Implement safety precautions and prominent signage.
- Set up enclosed garbage stations on construction sites for timely sorting and recycling of waste materials. Special living and office areas are equipped with designated waste recycling stations, cleaned daily by assigned personnel.
- Sign environmental agreements with local waste disposal centers for timely disposal of construction and household waste.
- Immediately cover non-toxic and harmless waste such as construction leftovers with soil and regularly remove them.
- Classify recyclable waste and store it properly in designated bins or containers, managed centrally by warehouse administrators.
- Non-recyclable waste should be piled up at designated locations for timely removal.
- Ensure no littering or mixing of waste during transportation.
- Transport toxic and hazardous waste to specialized centers for disposal.
- Prohibit the melting of asphalt or burning of waste materials containing toxic and harmful substances on construction sites.

● Noise Pollution Management

We actively implement corresponding measures to control the noise generated at construction sites, ensuring that noise management complies with the standards and requirements set by national and regional regulations.

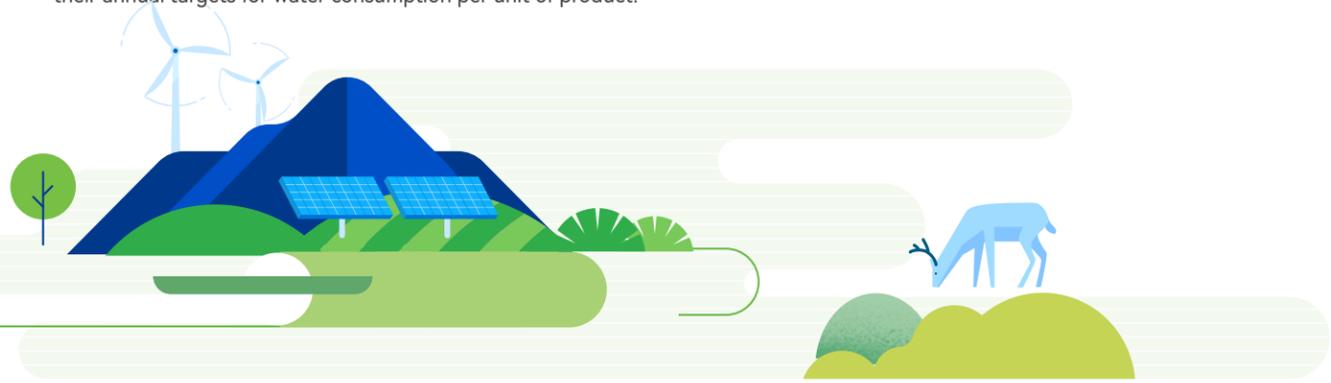
-  For high-noise equipment such as mixers, we install enclosed soundproof enclosures to mitigate noise. During the interior decoration phase of commercial complexes and small businesses, we implement fully enclosed construction practices.
-  Depending on the specific circumstances of nearby schools, hospitals, residential areas, and other facilities, we schedule construction activities during reasonable time periods and prohibit nighttime construction. In case of exceptional circumstances requiring nighttime construction, we obtain the necessary permits and inform nearby community residents.
-  Prior to conducting cutting, vibration, or other noisy construction activities in densely populated residential and commercial areas, we not only obtain the necessary approvals but also inform nearby residents and businesses about the planned operations, their potential impacts, and the measures taken to mitigate noise.

Water Resources Management

We prioritize water resource management, adhering to relevant laws and regulations concerning water resource protection, and recognizing the significant impact of water consumption on the environment. Throughout our operations, we optimize water resource management measures to enhance water use efficiency, reduce water consumption intensity, and ensure the sustainable utilization of water resources. Additionally, we encourage our employees and stakeholders to cultivate a sense of responsible water use, collectively contributing to water resource conservation efforts. In 2023, all production-oriented enterprises under our company achieved their annual targets for water consumption per unit of product.

 **| 2023**

In 2023, all production-oriented enterprises under our company achieved their annual targets for water consumption per unit of product.



In our real estate business, we integrate the concept of sponge cities into the planning and construction processes of residential projects. Through techniques such as rain gardens, sunken green spaces, rainwater storage and reuse systems, permeable paving, and vegetated swales, we effectively manage on-site stormwater runoff, reduce pressure on stormwater networks, and mitigate surface pollution. During the pre-application phase for construction project planning permits, we thoroughly discuss and refine the sponge city construction implementation plan and develop detailed management strategies to ensure smooth project progress. In the design phase, we closely integrate building and landscape design schemes with factors such as rainwater collection and utilization, roof greening ratio, green space sinking ratio, permeable surface ratio, low-impact development indicators for roads, rainwater runoff pollution and total runoff control, and delineation and protection of water systems. Our construction projects respect the original terrain and landforms, prioritizing the design of sunken and sunken green spaces, rational plant allocation, and the installation of rainwater storage facilities. We also develop rainwater collection and utilization facilities, guiding rainwater from hardened areas such as roofs and roads into sponge facilities through measures such as rainwater pipe connections and vertical optimization, comprehensively utilizing rainwater resources.

| 2023

We completed the construction of **1** new sponge city project with an area of **6,000** square meters bringing the total number of completed sponge city projects to **7** with a total area of **561,000** square meters

At our construction sites, we implement measures to protect groundwater resources by strictly prohibiting the drilling of wells and extraction of groundwater. We ensure that water used for production and daily activities on construction sites is obtained from water-saving appliances, such as water-saving flush tanks and low-flow faucets in washrooms. Clear signs indicating water conservation measures are installed at water sources. We regularly collect water usage data from construction sites, establish water-saving statistics accounts, analyze and compare them to enhance water conservation rates. Routine inspections, maintenance, and replacement of all water supply valves at construction sites are conducted to prevent any leakage or wastage of water.

In our pulp and paper production business, we have established a water-saving management system and formed a water-saving leadership team to oversee water-saving initiatives. Each year, we develop water-saving targets for various departments and implement corresponding measures. We set advanced, reasonable, and feasible water consumption quotas, conduct regular assessments to prevent water loss and waste, and actively promote relevant laws, regulations, and policies on water conservation to raise awareness among employees. We strive to reuse wastewater whenever possible, utilizing reclaimed water for activities such as wheel cleaning and dust suppression on-site. In 2023, we utilized 1.78 million tons of reclaimed water for pulp and paper production, reducing the consumption of freshwater resources.

| 2023

We utilized **1.78** million tons of reclaimed water for pulp and paper production, reducing the consumption of freshwater resources.



Highlight

Choice of Purity": All-Bamboo Pulp Natural Color Paper

To make papermaking more environmentally friendly, our investment in Yongfeng Pulp and Paper achieves an 85% water recycling rate. Wastewater undergoes three-stage biochemical treatment, complying with the latest national pollution discharge standards. The emission standards for Yongfeng Pulp and Paper far exceed national cleanliness standards, reaching the level two standard of clean production in the international pulp and paper industry.

In the operation of our shopping malls under the company, water faucets are equipped with foamers to effectively reduce water consumption. Water-saving signs are posted in public areas to enhance water-saving awareness and regulate water usage behavior.

In office premises, we require employees to handle water appliances with care, prohibiting rough usage to prevent damage. Employees are encouraged to minimize water usage by reducing water volume and shortening usage time. Water-saving signs are posted in public areas to eliminate serious waste phenomena like continuous or unnecessary water flow. Encouraging the use of personal water bottles during meetings and providing cups and water pitchers in meeting rooms to reduce unnecessary consumption of bottled water. In 2023, C&D Property actively promoted water-saving measures, achieving efficient utilization of water resources:

- ✓ Adjust the opening and closing times of landscape water features to only operate on holidays, and redirect the saved water resources for surrounding greenery irrigation, saving approximately 175 tons of water per month.
- ✓ Optimize and replace the faucets used for cleaning purposes to reduce water output, set up water-saving reminders, saving approximately 170 tons of water per month.
- ✓ Implement high-efficiency secondary water purification equipment to reduce wastewater discharge, saving approximately 150 tons of water per month.
- ✓ Replace greenery irrigation equipment and change the original manual irrigation method to automatic sprinkler irrigation to reduce manual waste, improve irrigation uniformity, saving approximately 140 tons of water per month.

Biodiversity Conservation

We value ecological and biodiversity conservation, avoiding conducting business activities unrelated to ecological protection in important ecological conservation areas and their vicinity. Meanwhile, we encourage our subsidiaries and stakeholders not to locate offices or business premises within natural reserves, refrain from using rare plants and animals as raw materials, abstain from conducting animal experiments with rare animals, and strive to minimize adverse impacts on the ecological environment and biodiversity in our business development.

Highlight

Protection of Ancient Banyan Trees

In the project planning and design process, we adhere to the concept of integrating ecological environmental protection and actively carry out biodiversity conservation work. In 2023, we successfully protected several ancient trees in Xiamen, Fuzhou, Chengdu, Nanning, Zhangzhou, Yong'an, and other places, promoting the harmonious coexistence of cities and nature. In the project site of Xiamen C&D Wuyuan Bay Sea, two hundred-year-old ancient banyan trees stand tall, witnessing the passage of time and carrying rich cultural memories. In order to fully protect and respect these two ancient banyan trees and their surrounding ecological environment, our landscape design team carefully planned the design of the Banyan Shade Pavilion under the banyan tree. The banyan shade surrounding the ancient banyan tree endows the space with spirituality and vitality. Combining with the atrium bay sea living room, a double-layer landscape interactive experience area is created to achieve harmonious coexistence between the project and nature.

Highlight

Tree Planting Volunteer Activity

In 2023, our company's affiliated Lianfa Group actively organized a tree planting volunteer activity during the Arbor Day. Over 70 volunteers from the company went to Xiamen Institute of Software Technology and planted the "Lianfa Volunteer Forest." Through hands-on participation, employees gained a deeper understanding of the importance of environmental protection, enhanced their awareness of ecological civilization, and cultivated a sense of environmental responsibility and action.



Resource Utilization and Circular Economy

We actively promote green circular economy initiatives, aiming to enhance resource utilization efficiency and minimize carbon emissions across the entire lifecycle of materials and products. By strategically positioning ourselves in the new energy sector, we vigorously expand operations in the upstream and downstream supply chains of the new energy industry. We provide service solutions for various segments of the new energy industry chain, thus contributing to the development of a green, low-carbon circular economic system and mitigating climate change.

Implementation of Circular Economy Practices

The development of a circular economy to promote green economic growth and climate goals has become a consensus and inevitable trend for global economic development. We actively respond to the global temperature control goals of the Paris Agreement by conducting green circular economy businesses, improving resource utilization efficiency, and minimizing carbon emissions throughout the entire lifecycle of materials and products. Our goal is to contribute to mitigating climate change and facilitating the construction of a green, low-carbon, and circular human society.

● Scrap Steel Recycling

We focus on the resource utilization of scrap steel, actively engaging in key nodes of the steel recycling industry chain to address the challenges of scattered, disordered, and poor-quality scrap steel supply chains. Our goal is to provide steel mills with stable, safe, and reliable scrap steel resources to meet their raw material needs. We have strategically partnered with major steel mills in key regions across the country and have planned and constructed scrap steel industrial bases in Benxi, Lanzhou, Baotou, Tianjin, and Tangshan. These bases integrate settlement, warehousing, processing, and distribution facilities, forming a comprehensive scrap steel recycling network with an annual processing capacity of 3.5 million tons. We supply stable, safe, and reliable scrap steel resources to surrounding steel mills such as Benxi Steel, Baosteel, and Shougang, thereby assisting industry partners in improving the utilization rate of recycled scrap steel resources and promoting the green and low-carbon development of the steel industry. In 2023, we recycled approximately 470,000 tons of scrap steel resources.

| 2023
We recycled approximately **470,000 tons** of scrap steel resources

● Aluminum Scrap Recycling

Promoting the overall low-carbon transformation of the aluminum industry chain has become the consensus of the global aluminum industry. Aluminum recycling enables the reduction of waste emissions and the consumption of energy and resources, and effectively lessens greenhouse gas emissions from the aluminum industry chain, which is of great significance to environmental protection. By leveraging our professional expertise in international trade, we actively expand our business in recycling and processing of scrap aluminum, contributing to the development of the circular economy. In 2023, we recycled a total of 39,000 tons of recycled aluminum and aluminum alloy ingots, with approximately 33,000 tons imported to China.

| 2023
We recycled a total of **39,000 tons** of recycled aluminum and aluminum alloy ingots, with approximately **33,000 tons** imported to China.

● Waste Paper Recycling

We actively engage in paper recycling business, utilizing waste paper to produce various types of paper such as coated paper and kraft cardboard, effectively saving the use of natural resources like wood. For the waste pulp generated during the production process, we recycle all of it, replacing primary materials and reducing resource waste. In 2023, we recycled a total of 350,000 tons of waste paper, reducing deforestation by approximately 210 square kilometers.

| 2023
We recycled a total of **350,000 tons** of waste paper, reducing deforestation by approximately **210 square kilometers**

● Waste Resource Recycling

Through providing high-quality services with the LIFT supply chain, we have established long-term strategic partnerships with several biodiesel and waste oil refining plants in China, enabling comprehensive recycling and utilization of waste resources such as waste cooking oil and sewage oil. On one hand, we actively promote solutions to the issue of sewage oil, aiming to eliminate its return to dining tables and create a healthier living environment. On the other hand, we seek environmentally friendly and effective alternative energy sources to address the depletion of fossil fuels and reduce exhaust emissions. In 2023, we exported 200,000 tons of industrial-grade mixed oil, 250,000 tons of first-generation biodiesel, and 20,000 tons of second-generation biodiesel.

| 2023
We exported **200,000 tons** of industrial-grade mixed oil, reducing deforestation **250,000 tons** of first-generation biodiesel, and **20,000 tons** of second-generation biodiesel.

Investment in New Energy Industries

We actively respond to the national "dual carbon" and "dual reduction" policies, continuously investing in green industries. Over the years, we have focused on the wind and photovoltaic industries, leveraging our mature supply chain management capabilities. By utilizing financial derivatives and other tools, we integrate various resources along the industrial chain to provide full-cycle supply chain services to our industrial clients. We continuously innovate in areas such as solar photovoltaic power station development and new energy vehicle sales, exploring deeper international cooperation and exchange models in the supply chain operation business. This promotes the high-quality and sustainable development of our company's business, while providing global customers with high-quality, cost-effective products and diverse customized, efficient, and reliable supply chain solutions. We contribute to accelerating the global green energy transformation and upgrade.

Distributed Photovoltaic Power Stations

In the field of photovoltaic power stations, we have formed a professional team, integrated internal and external resources, and collaborated with industrial parks, automobile cities, and large industrial and commercial enterprises. We are based in the Jiangsu, Zhejiang, Shanghai, and Fujian regions and steadily expanding our presence domestically. We have invested in and constructed high-quality distributed photovoltaic power station projects in multiple regions including Jiangsu, Shanghai, Fujian, and Henan. By the end of 2023, we had built 14 distributed photovoltaic power stations with a total connected capacity exceeding 18 MW. These stations were designed to generate an annual output of over 20,550,000 kWh, resulting in the reduction of 16,237 tons of carbon dioxide emissions and saving 6,701 tons of standard coal. Continuously providing enterprises with safe, green, low-cost, and sustainable clean energy, we have achieved a win-win situation in terms of both economic and ecological benefits. In 2023, our investment in green and low-carbon industries such as photovoltaic power stations amounted to 29.1 million RMB.

2023

our investment in green and low-carbon industries such as photovoltaic power stations amounted to

29.1 million RMB



Highlight

Fujian Xiamen-Jiyuan 2.6MW Project

In 2023, our investment in the Xiamen Jiyuan 2.6MW distributed photovoltaic power generation project is located on the roof of the Xiamen Jiyuan Enterprise. The project utilizes a total area of 20,000 square meters of factory roof space, with the installation of 4,774 high-efficiency photovoltaic modules. The project's electricity generation capacity can reach 3.12 million kilowatt-hours annually, saving approximately 1,017.1 tons of standard coal per year and reducing carbon dioxide emissions by about 2,464.7 tons.



Saving approximately **1,017.1 tons** of standard coal per year

Reducing carbon dioxide emissions **2,464.7 tons**

Highlight

Henan Jiaozuo - Mingren Pharmaceutical 1.8MW BIPV Project

In 2023, our company invested in the first phase of the 1.8MW BIPV (Building Integrated Photovoltaics) project at Mingren Pharmaceutical in Henan. Adopting a self-consumption model with surplus electricity fed into the grid, the designed operational period after grid connection can achieve an average annual electricity generation of 1.94 million kWh. This project can save approximately 633.7 tons of standard coal annually, reducing carbon dioxide emissions by about 1,535.7 tons per year.



Saving approximately **633.7 tons** of standard coal per year

Reducing carbon dioxide emissions **1,535.7 tons**

Highlight

Fujian Xiamen - Xiang'an 1.5MW Project



The 1.5MW distributed photovoltaic project we invested in is located on the roof of the C&D International Automobile City, a subsidiary of C&D Automobile, in Xiang'an District, Xiamen. After the project is grid-connected, coupled with energy storage equipment, the average annual electricity generation can reach 1.8 million kilowatt-hours during the design and operation period. This translates to an annual saving of approximately 586.8 tons of standard coal and a reduction of about 1,422 tons of carbon dioxide emissions.

The average annual electricity generation can reach **1.8 million kilowatt-hours** during the design and operation period

An annual saving of approximately **586.8 tons** of standard coal

A reduction of about **1,422 tons** of carbon dioxide emissions

Highlight

Jiangsu Suzhou - Kingswood 1.5MW Project

In 2023, our Jiangsu Suzhou - Kingswood 1.5MW Project is located in the Xiangcheng District. Utilizing the factory premises of Suzhou Kingswood Education, the project installs a total of 1.5MW photovoltaic power generation system with a construction area of 17,000 square meters. After the grid connection, it is expected to generate an average annual electricity of 1.59 million kWh over the 25-year design and operation period. The project will adopt a "self-use" mode, with 95% of the generated electricity consumed by the owner unit. It is estimated to save about 518.3 tons of standard coal and reduce carbon dioxide emissions by about 1,256.1 tons annually.



Save about **518.3 tons** of standard coal

Reduce carbon dioxide emissions by about **1,256.1 tons** annually

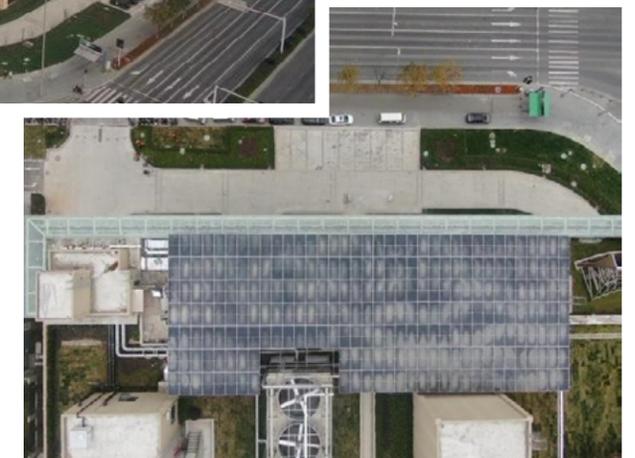
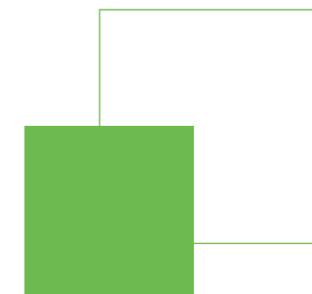
Highlight

Macalline Photovoltaic Power Station

Ningbo Yaojiang Shopping Mall has constructed a photovoltaic power station in the idle areas of the podium and tower roofs, with a total construction area of 1,400 square meters and an installed capacity of approximately 265 kW; Quzhou Aiqinhai has installed a solar photovoltaic system in the idle areas of the roof, with a total area of 1,600 square meters. The proportion of renewable energy provided by the photovoltaic system can reach 2%, and two roof-mounted air-cooled heat pumps provide heating and cooling to the internal theater of the shopping mall, achieving an energy efficiency improvement rate of 19.67%. In the residential construction field, Shenzhen Zhenzhu Yaju project plans to install a 6.97 kW solar photovoltaic system to meet its 697.2 kW utility electricity demand, and is expected to achieve the actual application of solar power generation systems by 2025; the residential part of Xi'an Yuechunshan project uses rooftop solar hot water systems, while commercial and supporting facilities adopt photovoltaic power generation technology.



◀ Ningbo Yaojiang Home Furnishing Shopping Mall Rooftop Photovoltaic Power Station



● The New Energy Vehicle Business

In the field of new energy vehicles, we have been deepening our cooperation with leading or emerging enterprises in the market in recent years. We invest in and build 4S stores or provide brand after-sales services for new energy brands such as Lotus, smart, AVATR, Dongfeng Mengshi, ZEEKR, and Galaxy, aiming to provide consumers with lower-carbon and higher-quality travel services. At the same time, we have established a heavy-duty truck battery swapping station in Zhangzhou, and reached supply chain cooperation with companies like DST and Geely Commercial Vehicle. We are actively exploring business opportunities in new energy commercial vehicles to support the transformation and development of commercial vehicles towards new energy.

We established a joint venture company to engage in new energy logistics business, using pure electric heavy-duty trucks as the transportation carrier, replacing diesel trucks in specific transportation scenarios. During the reporting period, we have cumulatively transported goods using pure electric heavy-duty trucks for over 1.15 million kilometers. After deducting the emission factors of electricity, it is estimated to have reduced carbon dioxide emissions by over 200 tons. In the future, if clean energy generation is introduced to supplement power, the carbon reduction ratio is expected to further increase.

● The Lithium Battery Business

In the lithium battery sector, we collaborate with several leading enterprises across the industry's upstream and downstream sectors. We establish a comprehensive service layout covering the entire industry chain, from overseas raw materials to processing plants and then to battery production. Tailoring to the diverse needs of customers along the industry chain, we offer professional supply chain services for lithium battery materials such as cobalt sulfate, cobalt hydroxide, cobalt oxide, lithium carbonate, and others.

Resource Recycling

In our office, we advocate for the use of paperless office systems to reduce paper consumption and ink usage while simplifying office processes and improving efficiency. We actively promote black and white printing and double-sided printing, and have established dedicated bins for recycling paper, encouraging employees to use recycled paper. Our property management regularly inspects communal areas such as offices and meeting rooms, recycling and redistributing reusable office supplies to promote resource reuse. We conduct regular warehouse inventories, repairing and repackaging old or damaged items that are still usable for reintegration into our operations. For items with low utilization or that are idle, we consider donating them to charity or using them for employee activities to increase their utility.



● Empty Bottle Recycling Program

In 2023, our company officially launched the C&D Zunya empty bottle recycling program under our proprietary liquor brand. This initiative allows consumers to return their used Zunya bottles to Happywine in exchange for incentives, promoting repeat purchases. Upon receiving the empty bottles, the company sterilizes and repurposes them into tea canisters, contributing to waste reduction and promoting the concept of a circular economy. Additionally, we collaborated with our in-house digital platform, C&D E-learning, to promote tips for low-carbon living in daily work and life through online channels and office elevator displays. The campaign successfully collected over 1,000 empty bottles and reached an audience of 10,000 through targeted promotional posters.

Collected over **1,000** empty bottles

Reached an audience of **10,000** through targeted promotional posters



Highlight

Green Marketing

"Lianfa Cloud Store Mini Program" serves as the official designated online marketing platform for Lianfa Group. Through its systematic online platform construction and functional support, it effectively saves or replaces the consumption of traditional offline promotional materials for project marketing, including printed materials such as paper posters, project brochures, and floor plans.

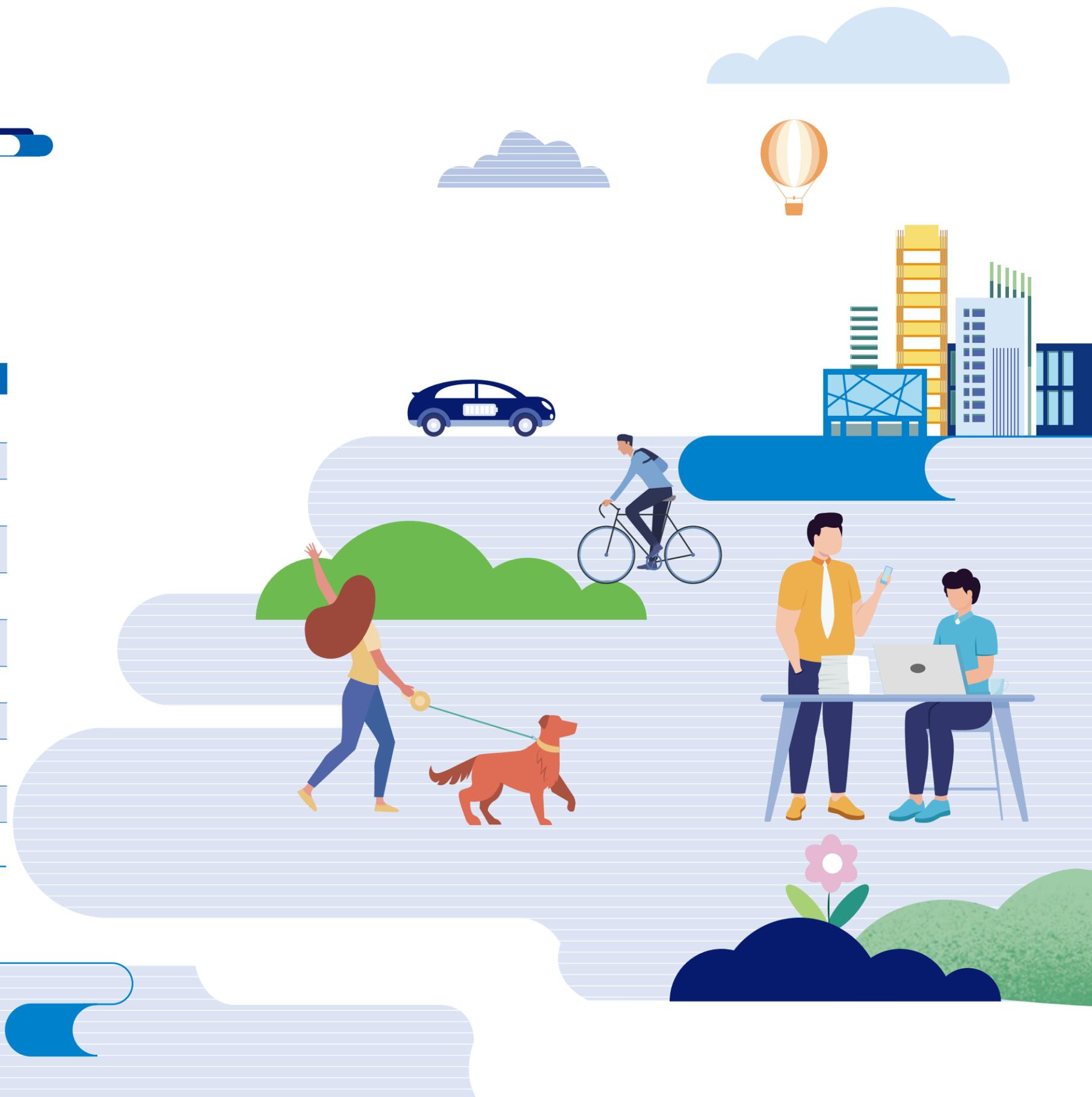
02

SOCIAL



Social Performance Targets in 2023		Completion Status
1	Active community dialogues are conducted, and the proportion of local community communication initiatives organized annually stands at 100%.	✓
2	The annual ratio of locally hired employees should not be less than 60%.	✓
3	The annual number of voluntary activities conducted should not be fewer than 250, with a minimum of 3,000 volunteer service hours provided.	✓
4	Construct a supply chain risk management framework, identify and assess supply chain risks, and formulate effective response strategies.	✓
5	The number of punitive incidents related to the health and safety impact of products and services should be zero.	✓
6	The average annual training hours provided to employees should not be less than 10 hours per person.	✓
7	The number of extraordinary major accidents or major accidents should be zero.	✓
8	The mortality rate for general accidents should be zero.	✓
9	100% of subordinate production enterprises should obtain the ISO 45001 Occupational Health and Safety Management System Certification.	✓
10	Safety training organized during the year covers 100% of the employees.	✓
11	CSR/ESG requirements are gradually being integrated into supplier admission criteria.	⏏

Completed
 In progress
 Unfinished

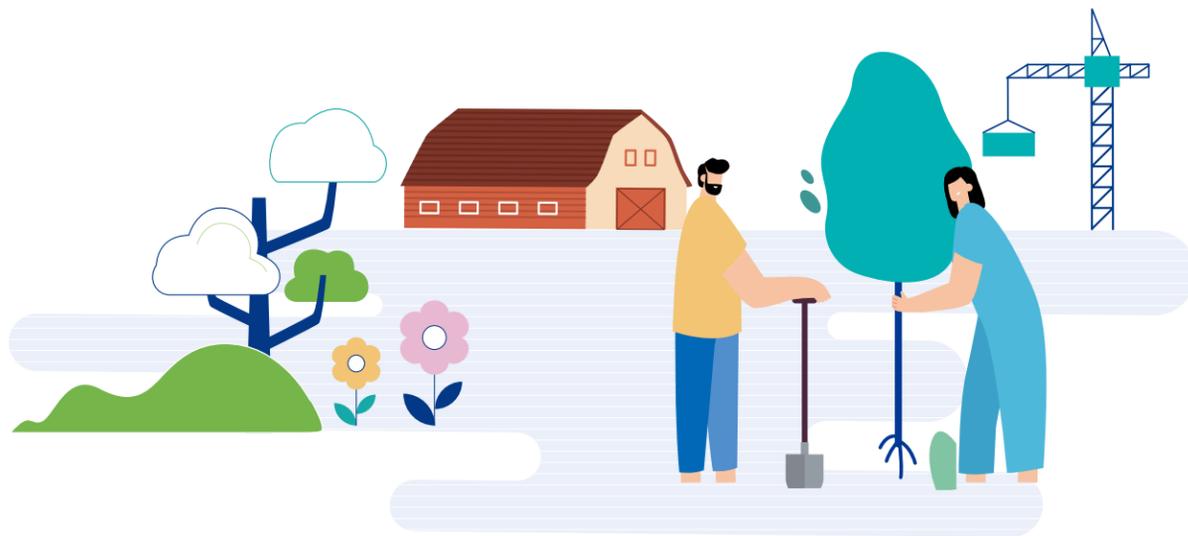


Rural Revitalization and Public Service

We consistently adhere to the mission of "To exploit new value for more people to live a superior life," following international standards and norms such as "The Ten Principles of the UN Global Compact." We have formulated a "Community Policy" to actively integrate into the overall development of the country and localities, focusing on the co-prosperity and symbiosis of people and society. We actively fulfill the mission of state-owned enterprises in rural revitalization, ensuring supply and stable prices, cultural preservation, caring for children, and social welfare. We integrate the United Nations Sustainable Development Goals such as no poverty, quality education, decent work and economic growth, sustainable cities and communities into our corporate production and operations. We are committed to promoting the establishment of mutually beneficial and symbiotic relationships with the communities in which we operate during the business development process, enabling the growth of our enterprises to resonate with urban development.

Promote Virtuous Deeds and Revitalize Rural Areas

The issues concerning agriculture, rural areas, and farmers are fundamental to the nation's economy and people's livelihoods. Comprehensive advancement of rural revitalization is a crucial task in building a strong agricultural nation in the new era. We leverage our industrial resource advantages and actively implement industry support policies to explore the diverse value of rural areas, promote the upgrading of rural industries, and contribute to the comprehensive advancement of the national rural revitalization policy.



Highlight

"Bamboo pulp paper" from Muchuan County

In 2006, we invested in Muchuan County, Sichuan Province to establish Yongfeng Pulp and Paper. We built an advanced production line capable of producing 450,000 tons of bamboo pulp and paper annually, accounting for approximately 30% of the national bamboo pulp production capacity. Yongfeng Pulp and Paper holds a leading position in terms of production scale, technological processes, and product quality in the field of bamboo pulp papermaking, making it an important supplier in China and even globally. One mu (about 0.067 hectares) of bamboo forest can produce one ton of Omei mountain bamboo. One ton of Omei mountain bamboo can bring several hundred RMB of net income to bamboo farmers. Omei mountain bamboo regenerates every year and matures annually. Yongfeng Pulp and Paper adheres to purchasing raw bamboo manually harvested by bamboo farmers, thus promoting local economic development.

Built an advanced production line capable of producing **450,000 tons** of bamboo pulp accounting for approximately **30%** of the national bamboo pulp production capacity

Currently, Yongfeng Pulp and Paper's annual sales revenue exceeds 1.9 billion RMB, with over 800 employees. It contributes approximately 50 million RMB in tax revenue annually and directly employs over 13,000 people. It also promotes the coordinated development of local transportation, energy, manufacturing, tourism, and other industries in Muchuan, as well as the gradual return of young labor force. To some extent, it addresses social issues such as left-behind elderly and children in rural areas. In July 2018, Muchuan County was removed from the poverty-stricken county list, becoming the first county in Leshan City, Sichuan Province to "shake off poverty," and Yongfeng Pulp and Paper was honored with the title of "Provincial Poverty Alleviation Leading Enterprise" as a result.

Yongfeng Pulp and Paper's annual sales revenue exceeds

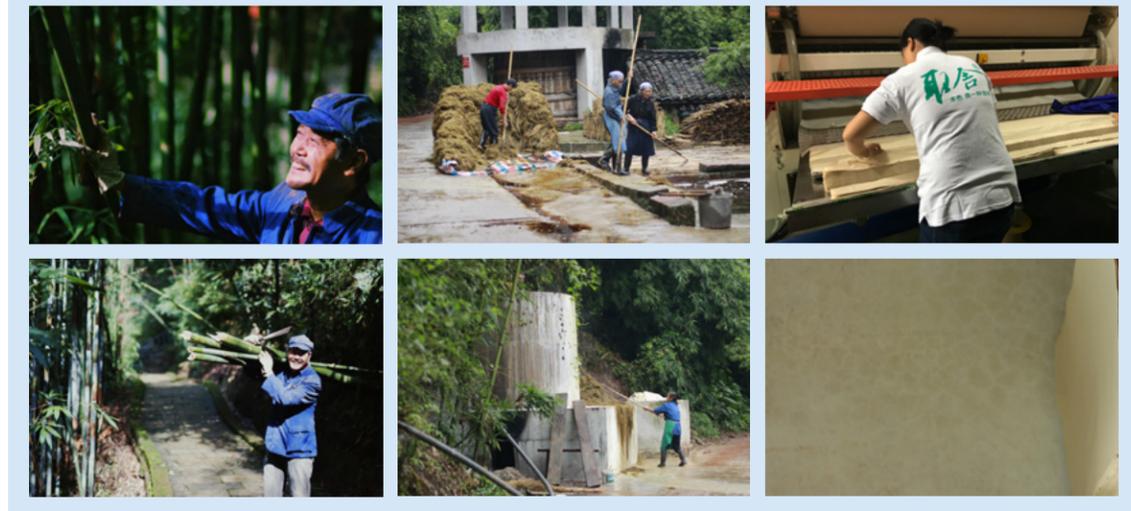
1.9 billion RMB

Employees over

800

Total tax payment

50 million RMB



Highlight

"Rice Carrying Care" from Renshe Village

We have established a paired assistance relationship with Renshe Village in Tingxi Town, Tong'an District, Xiamen City. Our focus is on industrial revitalization, guiding Renshe Village to explore and develop its own advantages. We assist in promoting the implementation of village-level collective economic development projects, further revitalizing collective assets, enhancing the overall economic benefits of the collective, and increasing farmers' income. Through on-site investigations, we emphasize promoting agricultural product processing and sales and have planned the "Rice Carrying Care" subscription project to attract investment for rural development.

Renshe Village has now been designated as a demonstration village for rural revitalization in Xiamen City and has also been selected for the provincial-level demonstration village creation list.



Highlight

Wild Walnut Oil from Zuogong County



We have conducted in-depth cooperation with Zuogong County, Tibet, to assist in the implementation of the Wild Walnut Oil project on the Zuogong plateau. In this project, we provide support in product development, refinement of product cultural connotations, and upgrade of product packaging design. We also enhance the "Yuqulu" brand to increase product added value, and assist in building logistics, customer service, and after-sales systems to help agricultural and special products from Zuogong County reach a broader market.



Support Livelihoods with Stabilized Supply

Due to the impacts of climate change, global food and energy security are facing severe crises and challenges. Leveraging our rich experience in supply chain operations, global network layout, specialized service capabilities, and industry-leading risk management system, we actively participate in China's manufacturing green transformation and upgrade. We have built a global supply chain service system, actively integrating into the new development pattern of dual circulation, both domestically and internationally, to ensure the security of the national agricultural products and energy resources supply chain.

Service to Guarantee Food Supply

In the agricultural products field, we have been continuously cultivating a global supply chain layout for many years. We have logistics nodes in key grain production and sales areas worldwide, including South America, North America, the Black Sea, and along the "Belt and Road". By establishing long-term and stable partnerships with major shipping companies such as Maersk, COSCO Shipping, CMA CGM, and MSC, we have built a secure and controllable international trade shipping system for agricultural products. This effectively enhances the security level of the country's overseas grain supply chain and ensures the security of the agricultural products supply chain.

Service to Ensure Resources Supply

Starting from market demand, we are expanding channels for high-quality resource supply in regions such as South America, Africa, and Central Asia. We actively cooperate in primary industrial production capacities, including copper mines and lithium mines in Chile, chromium, manganese, and zinc mines in South Africa, and copper mines in Kazakhstan. Additionally, we are actively promoting cooperation in Southeast Asia for primary industrial products such as crude copper, alumina, ferro-nickel, and steel billets. Our aim is to provide domestic manufacturing enterprises with a wider range of resource and energy supplies, supporting the development of the industrial sector.



Engage in Community and Preserve Cultural Heritage

We are deeply aware that establishing mutually beneficial relationships with the communities in which we operate is crucial for the sustainable development of our business. We have established proactive and effective dialogue mechanisms with local communities, with each operational site having a department responsible for community communication. We provide stakeholders with accessible channels for negotiation, appeals, and consultations, ensuring that any reasonable opinions, suggestions, issues, or complaints are received, recorded, and promptly addressed with appropriate feedback and resolutions.

In our business development, we conduct community risk assessments, engage in effective stakeholder communication, and incorporate priority issues for community development into our corporate development plans. This includes, but is not limited to, respecting and protecting the rights of local communities, indigenous peoples, cultural customs, cultural heritage, and ecological environment. We aim to participate in the construction of business operation sites as welcomed partners, making every effort to reduce and mitigate the risks arising from our operations and minimize the negative impacts on the community. We adhere to the principle of "localization" and, in line with our "going global" strategy, prioritize the employment of local staff at our operational sites. We conduct localized recruitment initiatives targeting specific regions and schools to promote local employment. Additionally, we prioritize opportunities for local businesses in terms of raw material procurement, technical support, and business contracting to support local economic development.

Highlight

Protection of Ancient Dwellings

In a construction project in Nanning, Guangxi, there is a nearly 400-year-old Ming and Qing dynasty ancient mansion. Such ancient buildings, which have stood the test of time and weather, symbolize the unique cultural heritage and the longing for peaceful life among the generations of people in the East. To relocate the main hall of the ancient mansion, we specifically invited experts in ancient building restoration to oversee the restoration work, making every effort to protect the ancient dwelling. The team of restoration experts used traditional methods for the restoration, ensuring that every detail, from the tiles to the beams and rafters, was repaired using materials sourced from ancient wood, with meticulous attention to craftsmanship. The restoration work lasted for nearly half a year, and upon completion, the overall restoration effect was excellent, with harmonious and unified materials and a serene and rustic charm.

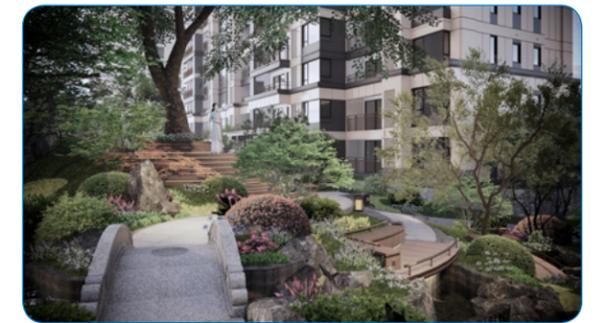


Highlight

Protection of Ancient Trees

In real estate development projects, there are cases where ancient trees grow within the designated construction area. If these ancient trees are preserved, it may affect the construction plans. However, if the original plans are followed, it could result in the destruction of the city's historical memory. Faced with the decision of whether to remove or preserve the ancient trees, we choose to respect the cultural heritage of the city, prioritizing the preservation of ancient trees over the convenience of construction. This decision allows us to safeguard the memories of the local community and uphold the historical significance of the old city, even if it means making concessions in the construction process.

The project in Huangshi, Hubei, is situated on the former site of the Old Huangmei Cotton Factory, where three century-old camphor trees grow. Adhering to the principle of adapting to local conditions, we have decided to use the crown of the trees as a reference point and design the support structures to bypass the ancient trees. The design of the underground facilities will also be adjusted to avoid disturbing the roots of these trees. This approach not only ensures their survival but also integrates them into the design of a traditional Chinese garden landscape, allowing them to continue bearing witness to the "memory of Huangshi" through the changes of the past century.



Note: This is a conceptual rendering as the project is still under construction.

In the "Xihu Wangyue" project in Zhangzhou, there is a century-old banyan tree within the construction area. In order to protect the growth of the banyan tree and preserve the landscape, ensuring it continues to carry the legacy of this land, our planning process involved continuous design, revision, and redesign over a period of 2 months. Ultimately, we decided to make a 15-meter concession, sacrificing some land, and relocating the main entrance from the west side to the south side. This allowed us to create a pocket park within the urban area, fostering a warm and comfortable atmosphere, where visitors can feel at home as they arrive at the gate beside the grand banyan tree.



In the Wuyuan Bay project in Xiamen, there are two ancient banyan trees with histories of 107 and 177 years respectively. Lush and verdant, these trees complement each other from a distance. We aim to enhance the quality of community living through thoughtful design, allowing residents to experience the tranquility of rustling leaves amidst their busy lives. To achieve this, we have created the Banyan Shade Pavilion, offering residents opportunities for scenic views, relaxation, socializing, open-air theater performances, lawn activities, and connecting with nature. Through these dynamic living spaces, we seek to raise awareness about the importance of tree conservation.



C&D Warmth Conveying to Children

Children are the future of the nation and the hope of the nation. Our company has long been committed to caring for the growth of children. Through initiatives such as building the "Love Has a Future" youth public welfare brand and implementing projects like "Nourishing Youth" and "Let Your Dreams Go," we aim to safeguard the growth of children and let them feel the "C&D Warmth."

"Hand in Hand" Education Assistance

In 2023, it will be the eleventh year of our friendly cooperation with Xiamen Ding'an Elementary School. Over the past eleven years, we have carried out volunteer service activities and long-term education assistance for students at Ding'an Elementary School with our core concept of "Warming Education." At the beginning of the cooperation, this school located on Zhongshan Road in Xiamen only had 12 classes, and 95% of the students were children of migrant workers from outside Xiamen. The Youth League Committee formed 12 volunteer teams, each pairing up with one class to form a "mutual aid alliance." Over the past eleven years, education assistance activities have served over 6,100 teachers and students participants, totaling over 631.5 hours and 202 service events. In 2023, two volunteer service activities were carried out, with over 100 participants.

2023

Volunteer service activities

2 times

Over

100 participants



Collaborate with schools and local judicial institutions to organize "Learning Law" themed educational activities, guiding children to enhance their safety awareness and self-protection capabilities.

Organize "Dragon Soars, Jade Pavilion Shines: Enjoying New Year's Day" traditional games in schools, further enriching campus cultural life and passing on traditional Chinese culture.

Conduct various themed class meetings, such as science knowledge, environmental protection, and patriotic education, to engage students in diverse educational topics and activities.

The "Nourishing Youth" Assistance Project

The C&D Property Charity Foundation's "Nourishing Youth" project has been continuously focused on particular groups since 2012, explicitly assisting underprivileged children under 16. In May 2023, the company participated in the "Nourishing Youth" pairing assistance activity jointly organized by the Datong Street Office of Tong'an District and the Xiamen Charity Federation, providing assistance to nearly 100 students from Tong'an District and Huli District. As of 2023, the "Nourishing Youth" project has cumulatively provided assistance to nearly 200 underprivileged children.

2023

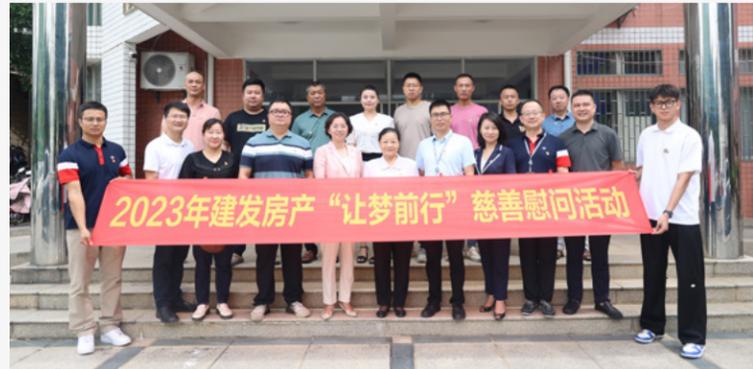
the "Nourishing Youth" project has cumulatively provided assistance to nearly

200

underprivileged children



● The "Let Your Dreams Go" Education Assistance Project



By the end of **2023**

the "Let Your Dreams Go" project had cumulatively sponsored nearly

3,300

college students

"Let Your Dreams Go" is a charitable education assistance project led by the Xiamen Charity Federation and implemented by the C&D Real Estate Charity Fund. Through donations for education, the company encourages current candidates and students to overcome life difficulties and successfully complete their studies, conveying care, giving back to others, and creating value for society. In August 2023, C&D Real Estate, in collaboration with the Xiamen Charity Federation, conducted the "Let Your Dreams Go" charity assistance activity. They provided condolences to some needy families and distributed consolation money, gifts, and inspirational books to 92 impoverished students. By the end of 2023, the "Let Your Dreams Go" project had cumulatively sponsored nearly 3,300 college students.

● Activities for Impoverished Women and Children



The "Connected Heart and Drawn Dreams" School-Enterprise Cooperation Activity with Xinmei Central Primary School in Tulou Village.

Lianfa Group paired up with Tulou Village in Tong'an District, Xiamen City, the Women's Children Development Foundation of Xiamen has focused on caring for impoverished women and children for three consecutive years. Through activities such as home visits, donations, and school-enterprise cooperation, practical difficulties of local impoverished women and children have been addressed.

Go Beyond in Social Welfare

We continue to explore models of community-business collaboration by working hand in hand with our local community. Through volunteer service activities closely related to residents' lives, such as creating a civilized and clean environment and conducting caring visits, we actively practice social responsibility. In 2023, we initiated the "Global Charity Action Plan" initiative and developed the LIFT Volunteer Action Mini Program. We have conducted more than 280 public welfare activities, with over 8,800 volunteer participants and a cumulative volunteer service duration exceeding 3,400 hours.

2023

Public welfare activities
280 times

Volunteer over
8,800 participants

Cumulative volunteer service duration exceeding
3,400 hours



● Community Elderly Care Activities

Our volunteer service team organizes community elderly care activities during holidays such as World Environment Day, Double Ninth Festival, and Chinese New Year. For example, we conduct "Company's Festival · Chinese New Year" caring visits, bringing rice, noodles, grains, and cooking oil as gifts, and visiting elderly individuals in the community who are under the care of the community, those who are widowed, living alone, or from disadvantaged families. During the Double Ninth Festival, we deliver carefully prepared gifts and holiday blessings to the elderly in the community facing difficulties.



● "The Yellow Bracelet Campaign"



Our party member volunteer service team, in collaboration with public welfare organizations, conducted "The Yellow Bracelet Campaign – Sharing Love in Jinjiting, Warming the Hearts of the Elderly" activity in the Jinjiting Garden Community in Xiamen, in response to the call for the "30th World Alzheimer's Day". Through various on-site activities such as distributing yellow bracelets, providing medical consultations and haircuts, organizing traditional mooncake gambling games for the Mid-Autumn Festival, educating about financial consumer protection, and promoting knowledge about waste sorting, we aimed to show care and support to the elderly residents of the Jinjiting community and raise awareness about preventing Alzheimer's disease among them.

● "Progress Together, Go Beyond" Volunteering Service

Our party member volunteer service team, in collaboration with the Jinjiting Community in Xiamen, organized the "Love and Progress, Endless Vitality" Volunteering Service. Activities included free medical consultations, anti-fraud awareness campaigns, waste sorting workshops, and paired assistance and condolence visits. We also invited paired assistance groups from the Jinjiting Community to enjoy a private screening of the movie "Ping Pong: The Triumph" at the cinema, enriching the spiritual and cultural lives of community residents, especially the elderly population. In 2023, we conducted over 20 joint activities with the Jinjiting Community, with over 500 volunteer participants, and provided paired assistance to more than 80 households in need.

2023

Conducted over
20 joint activities
with the Jinjiting Community

Volunteer over
500 participants

Provided paired assistance to more than
80 households
in need

Innovation-Driven, Suppliers, and Customers

As a leading international supply chain operator and an outstanding real estate operator in China, we adhere to the brand philosophy of "Together Go Beyond." Founded on professionalism and start from "mutual benefit", we seek improvement internally while continuously empowering external industry partners towards green transformation and development, and aid the supply chain in achieving green and high-quality growth.

Product Development and Innovation

With the growing maturity of advanced technological applications such as big data, cloud computing, artificial intelligence, the Internet of Things, blockchain, and 5G, a new round of technology revolution dominated by digitalization, networking, and intelligence is inevitable and accelerating its penetration from the consumer market to all aspects of the supply chain. We elevate technological empowerment to the strategic level for planning, actively innovate in digital technology applications to create a supply chain service system with unique characteristics, enhancing our business operations. By deeply integrating digital solutions with traditional industry development, we aim to build a smart supply chain ecosystem to empower a transformation and upgrade of traditional industries.



In terms of business process online transformation

We have launched platforms such as the "E-Inspection" remote inventory management platform and the "CND Pricing APP" online futures pricing and trading platform, advancing business towards efficient online, digital, and visual operations.



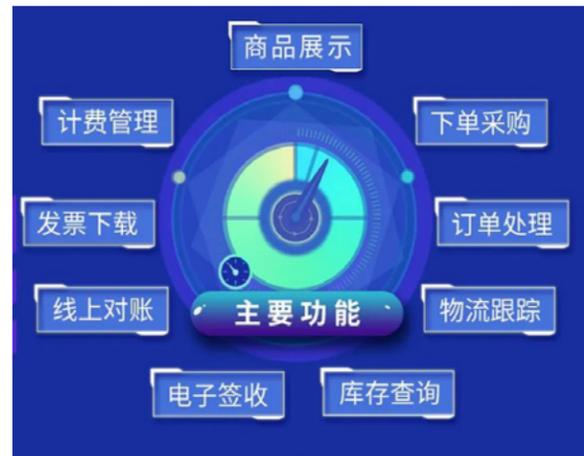
In terms of data digitalization

We have essentially achieved internal business data integration and continuously connect with upstream and downstream customers, logistics, warehousing, capital, and credit data, and striving to build an integrated big data ecosystem for industry linkage.

Currently, we have essentially achieved connectivity with futures, banks, industrial and commercial, customs data, and are progressively advancing the digitalization and integration of supply chain transactions and customer data. Through the digitalization of business processes and data, our supply chain service system can effectively integrate industry information, commodity indices, corporate credit data, and design processes according to the business models of different commodities. We have launched internet platforms for various industries, such as "PaperSource" and "E-Pulp," for the pulp and paper industry, "C&D Cloud Steel (E-Steel Link)" for the steel industry, "EasyAgri" customer service platform for the agricultural products industry, an online food supply chain service platform "E-Order" for the consumer goods industry, and digital operation solutions for the automotive industry, including a private domain customer digital operation solution "Yujian" platform and a "EasyDeal" Intelligent Used Car Trading Center, to provide more efficient and comprehensive services for customers in different industries.

Highlight

C&D Consumer Goods Supply Chain Online Service Platform "E-Order"



With the continuous development of the "dual circulation" economic pattern domestically and internationally, the consumer goods industry is experiencing a resurgence. To address the challenges and difficulties faced by the consumer goods supply chain operation, such as long operational chains, multiple levels, rapidly changing consumer demands, product and inventory turnover risks, "black box" logistics information leading to transportation supervision and food traceability challenges, as well as the higher requirements for efficiency and management levels in business aspects like contracting, ordering, and document circulation due to significantly increased transaction frequencies, we launched the "E-Order" online service platform for consumer goods supply chains. This platform offers a digital full-process trading solution for upstream and downstream industry chains to

meet different transaction scenarios. The "E-Order" platform uses internet platform information interaction technology to link brand owners and their downstream customers to offer services such as product display, order processing, logistics tracking, electronic receipt, online reconciliation, and rebate inquiry. The Platform breaks down barriers to commodity transaction information, integrating data across supply chain segments, and provides a one-stop trading service experience for purchasers.

Responsible Procurement

We actively practice responsible procurement by establishing a "Supplier Code of Conduct," which sets requirements in areas such as business ethics, human rights, environment, and occupational health and safety, for all suppliers and contractors including those of us and our subsidiaries. Our management team is responsible for guiding and supervising the management of responsible supply chain management issues. In procurement contracts, we require partners to commit to compliance with business ethics regulations, environmental protection laws, and internationally recognized human rights standards, and pay attention to suppliers' employee work hours, living conditions, minimum wage, and situations regarding corporal/disciplinary punishment. We value supplier integrity management and advocate establishing long-term, stable, and honest cooperation with suppliers. Before commencing business, suppliers must sign an "Integrity Agreement" and a "Commitment to Honesty and Law-Abiding," pledge to comply with all applicable laws and regulations and not to request or give any financial or other forms of kickbacks or fees to any entity or individual, and promote business in an environmentally sustainable and ethically compliant manner throughout the supply chain.

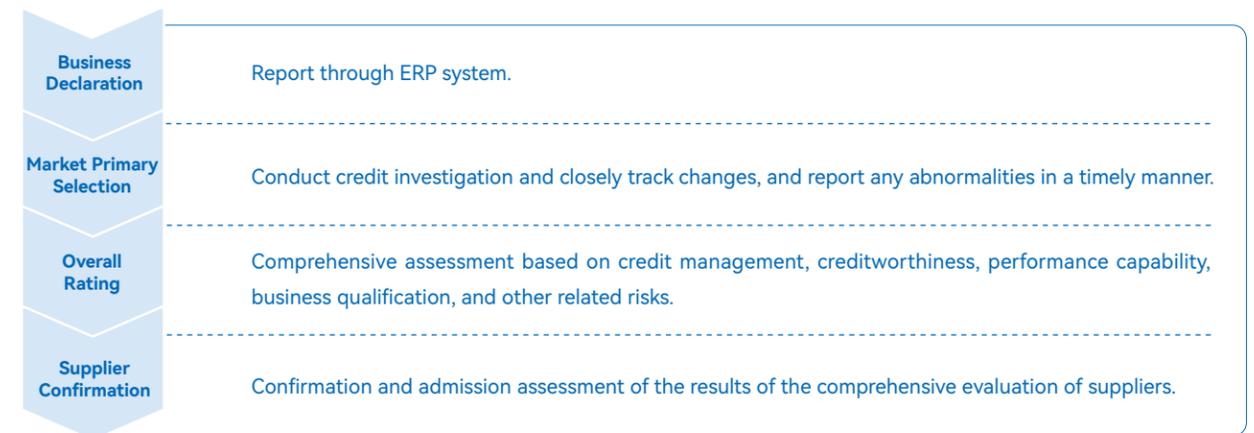
Supplier Management

We implement strict supplier admission and evaluation processes to ensure all suppliers comply with our responsible procurement policy, including requirements on business ethics and environmental protection. We monitor supplier performance through regular or irregular online and offline audits and assessments to ensure compliance with the "Supplier Code of Conduct."

To enhance supplier management, we have established a tiered and categorized management system for suppliers and combined with the specific industry conditions of different business fields to implement dynamic re-evaluations. We and our subsidiaries have developed respective supplier classification qualification review and assessment standards based on our industry characteristics and select suppliers with sustainable cooperation advantages to continuously improve our responsible and precise management of suppliers.



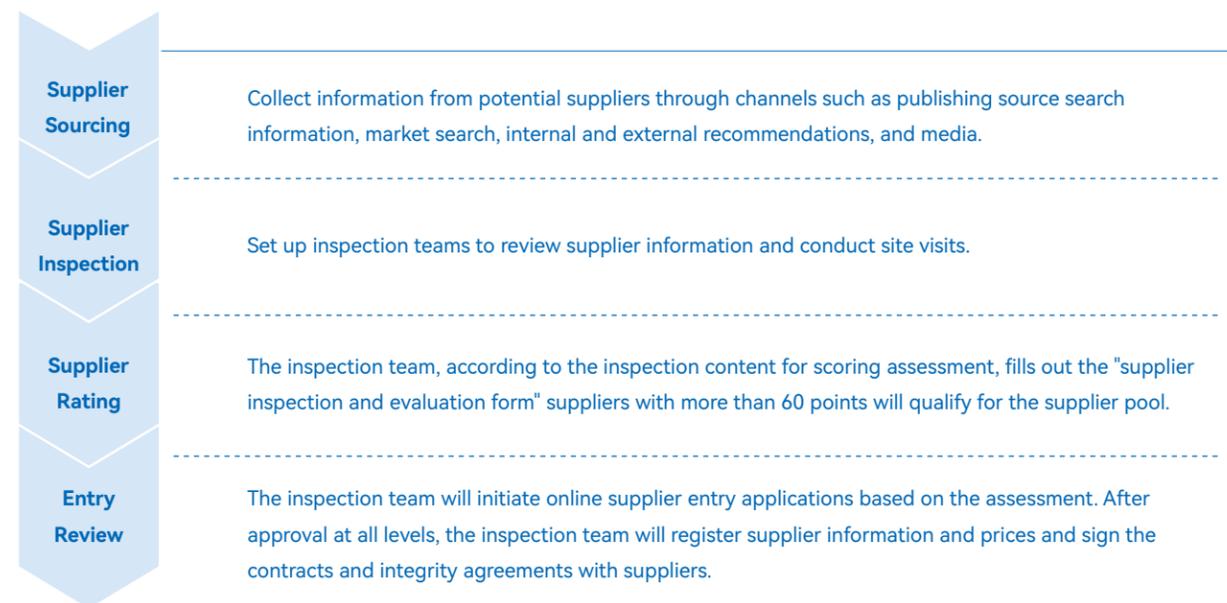
We strictly implement supply chain control processes, conduct due diligence on supplier admission, identify and select high-quality suppliers, and include suppliers' environmental and quality system construction into the comprehensive evaluation for admission. We focus on metrics such as factory brand recognition, quality standards, production capacity advantages, green factories, and energy consumption qualifications. We offer extra points for admission to state-supported environmental projects like waste aluminum recycling.



We use the "E-Zhangxin" platform to dynamically monitor suppliers, and push daily updates on external negative information about suppliers and focus on operational and judicial risks, including but not limited to issues like untrustworthiness, height restrictions, litigation, environmental penalties, etc. For suppliers with anomalies, further research is conducted in accordance with our control requirements to assess the actual situation of suppliers. We will timely implement checks and feedback, and issue warnings or terminating cooperation when appropriate.

In real estate operations

We strictly follow national, provincial, and industry-specific regulations and standards, implement the "Supplier Code of Conduct" and actively promote suppliers to fulfill social responsibilities regarding safety, environment, and employee rights, including rights protection for labor outsourcing, explicitly prohibiting child labor, opposing forced labor and discrimination, adhering to minimum wage standards, etc. All bidding suppliers are required to sign a "Commitment to Honesty and Law-Abiding". During the bidding stage, suppliers are audited according to "bidder qualification requirements," to assess their qualifications based on the validity, completeness, and substantiality of bidding documents.



We manage suppliers by grading them based on their performance in fulfilling contracts and conduct comprehensive investigations into our business operations, personnel, work conditions, product quality, service quality, professional capabilities, and cooperative relationships. If suppliers are found engaging in commercial bribery, significant quality issues, occupational health and safety issues, or failing to pay migrant worker wages, their performance evaluation will be deemed unsatisfactory. For non-compliant suppliers, we will not renew or initiate new cooperation and will require them not to participate in any of our tendering and procurement activities for two years from the date of public announcement.

Establish a "Blacklist" System

According to the "Implementation Measures for Project Bidding," suppliers with breaches of contract, multiple safety accidents, poor internal inspection results, or ethical issues are temporarily suspended from qualification. Suppliers are evaluated monthly and feedback is provided, assessment includes the perspectives of engineering (quality, safety production, civilized construction, progress), warranty (warranty timeliness, rectification completion rate, repair satisfaction), cooperation (site management, cost cooperation, design cooperation), and other special matters. If bid-rigging, falsification, or other deceitful actions are discovered, legal responsibilities will be pursued for those

involved, and they will be added to the supplier blacklist, with corresponding company personnel held accountable. Major quality accidents and group complaints caused by the supplier will result in blacklisting.

Quality and Safety Assurance

The contract specifies terms for project quality, schedule, materials, safety, management, etc. We require quality that supplier delivered to meet national technical regulations and environmental standards. Suppliers must ensure project materials and personnel safety by insuring the lives and property of their own and third-party personnel at construction sites before starting work. We strengthen project assurance by insuring "all risks for construction projects." For safety issues of supplier/contractor employees, besides daily inspections by the project department, third-party assessments are conducted for ongoing projects using "spot inspections + accompanied by expert system," with our experts forming an accompanying expert pool and strictly follow or exceeding national standards for inspections, ranking results, and making announcements.

Wage Arrears Prevention Mechanism

Establish a coordination mechanism for migrant worker wage payment and a wage arrears prevention mechanism by project, and urge general contracting units to strengthen labor employment management and properly handle disputes related to migrant worker wage payments. A special account for migrant worker wages is set up to allocate project funds in accordance with the contract in a timely manner and ensure timely and full payment of labor costs to the special account for migrant worker wages. We supervise general contracting units to pay migrant worker wages on time and in full and ensure migrant workers' rights and preventing wage arrears by suppliers.

Macalline

Macalline is committed to cooperating with domestic and foreign enterprises capable of high-standard supply, managing and evaluating suppliers from the perspectives of image, service, price, quality, integrity, and blacklist behavior. Suppliers must demonstrate sufficient proof of supply or service, such as successful cases and financial proof, and ensure no legal violations or untrustworthy records, not being blacklisted, having no major quality or business integrity issues, complying with national policies, regulations, United Nations Convention trade regulations, and meeting industry standards. For suppliers with annual framework contracts, group and regional negotiated business suppliers, top-ranked suppliers, and those with potential risks, third-party institutions or internal departments jointly conduct regular or irregular assessments through on-site evaluations and comprehensive service quality reviews, and ensure supplier quality, service, delivery timeliness, and after-sales service meet standards. Suppliers violating the "Supplier Integrity Commitment" agreement, failing product and service quality assessments and rectification, harming the company's interests, or engaging in illegal activities will have their cooperation terminated and be added to the blacklist.

Supplier Training

To strengthen the collaboration within the supply chain and optimize operational efficiency, we employ a variety of methods, including e-commerce systems, supply chain management software, and regular meetings, to discuss current performance and future issues with suppliers and communicate our ESG principles. This ensures that suppliers align with the conduct guidelines advocated by us throughout the collaboration process.

Highlight

C&D Real Estate continuously carries out engineering inspections during project construction and sales phases, and hire third-party inspection agencies to systematically evaluate and inspect various stages of ongoing and on-sale projects. Regular communications are held with suppliers regarding issues identified during inspections to convey our quality management and risk control requirements, ensuring timely rectification of issues.

Highlight



Annually, we organize relevant personnel to visit brand factories for learning exchanges, study advanced production processes and engage in deep communication with brands. In 2023, Macalline hosted a supplier conference that specifically recognized suppliers who demonstrated exceptional resilience in the face of challenges, provided additional value to the company, or made key contributions to specific projects. This further solidified the cooperative relationship with suppliers and motivated all suppliers to continue striving for excellence in the future, working together with the company towards achieving higher business objectives and long-term sustainable development.

Supply Chain Risk Management

With the deepening globalization of us and the continuous evolution of technology and market demands, the risks faced by supply chains have become increasingly complex and variable. We proactively establish a comprehensive supply chain risk management framework to identify and assess supply chain risks and develop effective response strategies to enhance the resilience of the supply chain for sustainable development. Our Board of Directors' Risk Control Committee is responsible for guiding and overseeing supply chain risk management efforts and have formulated the "Risk Control Committee Composition, Responsibilities, and Approval Control Methods." The Committee Chair convenes and presides over regular quarterly meetings and irregular meetings, and oversee the approval of major commodity and large-scale supply chain operation transactions.

In 2023



We revised the "Supply Chain Operation Management Regulations" and "Supply Chain Operation Process Management Regulations," to enhance the management of compliance risks such as international sanctions and strengthening the assessment of creditworthiness and performance capabilities for significant non-credit transactions.



We strengthened key risk control and international business compliance management, enhanced audits of business rationality and compliance, paid attention to the authenticity of business backgrounds and sources, and set stringent controls in the ERP system for new businesses (involving new clients, new varieties), to review business source documentation.



The Credit Management Department and authorized departments evaluated credit customer risk information collected from the E-Zhangxin platform and other online channels, to issue a "Significant Risk Warning Letter" for clients with significant risk anomalies. Operational units were tasked with designating personnel to promptly implement and provide feedback on risk warning information and "Significant Risk Warning Letters" issued by the Credit Management Department.



We conducted supply chain operation business risk prevention drills, second-level operation management training, operation management salons, external lecturer specialized training, and other supplier risk management training and advocacy to enhance overall company employee awareness of supply chain risk management.

Product Quality Management

We always regard product quality management as the core of its business development, committed to providing responsible products and services. By establishing strict quality control processes, we ensure our products and services meet the highest industry standards and ethical codes, committing to the safety of its products and services.

In supply chain operations

We adhere to the principles of "professionalism, efficiency, quality, and integrity," with product quality management at the core, parts of our supply chain operation have been certified by the ISO9001 quality management system, ensuring every link from procurement to product delivery meets the highest quality standards.

In real estate operations



We adhere to the "quality first" principle, strictly comply with national laws and regulations. We have established and perfected systems such as the "Project Operation System," "Project Full Cycle Guide Manual," "Design Work Standards," "Display Area Work Standards," "Handover Work Standards," "Project Operation Inspection and Evaluation Standards," to implement a standardized quality management system. We established the "9A Delivery System," and hire professional third-party companies to conduct comprehensive inspections of projects from the customer's perspective before delivery. They conduct checks on promise consistency, product comfort, external acceptance and progress, facade appearance, one-room-one-inspection, public area takeover risk inspection and leakage prevention, appearance, hollowing/cracking special inspections to ensure high-quality product delivery. C&D Real Estate, C&D Property, and Lianfa Group under us have all been certified by the ISO9001 quality management system.

Macalline

Macalline has set standards for renovation projects such as the "Seven Management Standards for Construction Sites," "Construction Site Quality Inspection Sheet," "Internal Pre-handover and Construction Site Handover Work Regulations," "Quality Assurance Nine Prevention Projects," "40 Exclusive Processes for Luxury Houses," and conducts strict inspections of products to ensure that home products not only meet customers' aesthetic expectations but also reach the highest standards of durability and safety. The company's home renovation department has been certified by the ISO9001 quality management system.

Customer Rights Protection

Excellence in customer service is key to winning market competition and customer loyalty. We continually enhance our customer service system, committed to providing timely and comprehensive services. Simultaneously, we actively incorporate customer feedback to continually improve service processes and product quality, effectively protect customer rights and establish long-term and stable trust relationships.

In supply chain operations

We place a high emphasis on customer satisfaction, actively conduct core customer visits, and standardize customer satisfaction surveys. We gradually advance customer grading, classification, and customized service management across our units, proactively collect service cases, continuously optimize service processes, and perfect the service chain to ensure customer needs are met promptly. We continually conduct customer satisfaction surveys among upstream and downstream customers, focus on trends in supply chain service needs, process satisfaction diagnostics, and insights into servitization and systematization demands. The survey covers our main business models, including domestic trade, import/export, and re-export trade, employing a combination of qualitative interviews and quantitative questionnaires. We visit multiple strategic partners and collect questionnaires from customer departments responsible for procurement, sales, finance, logistics, and documentation. Upon project completion, around four core customer service management areas—service monitoring, demand management, standard management, and guarantee management—we continually improve customer satisfaction through internal management optimization, enhancement, and service capability building.

In real estate operations

we practice the "customer-centered" and "dedicated service to customers" business philosophy, strictly adhere to the standards of 30-minute response, professionalized service, and customer satisfaction. Through immediate callbacks for customer reports and repairs, regular surveys, and internal assessments, we continuously monitor and optimize service quality. Customer research is conducted annually through third-party surveys, internal milestone customer surveys, and daily instant surveys, to reach customers from multiple perspectives to collect their opinions and suggestions and ensure continuous improvement of products and services. Third-party research companies conduct monthly customer satisfaction surveys via phone calls, covering 10 indicators including overall evaluation, product metrics, and service metrics.

Regarding customer complaints, a systematic complaint handling process and straightforward complaint channels have been established. Customers can file complaints through national service hotlines, the Diamond Club APP's online channels, customer relationship hotlines, customer ambassador WeChat, and property consultant WeChat, among other offline channels. Upon receiving a complaint, we contact the customer within 2 hours to formulate a plan (within 24 hours for major complaints) and resolves the complaint within 3 days, and conduct a satisfaction callback within 48 hours of resolution. Monthly, we analyze complaint volumes, trends in common issues, and complaint resolution statuses, urge relevant departments to improve, and ensure swift and effective handling of every customer feedback.



Macalline upholds a "customer-first" service philosophy, dedicated to providing customers with one-stop, comprehensive home solution services. The company establishes long-term stable customer relationships, promotes the continuous development of the home business, and enhances brand reputation. The company values every customer service opportunity and offers professional consultation and design solutions before sales, quality products and considerate services during sales, and comprehensive after-sales support and assurances to satisfy every customer need.

For customer complaints, multiple channels have been established, including on-site mall reception, 400 hotlines, and official Weibo, providing full-scale online and offline complaint acceptance. After complaint acceptance, coordination among the group, malls, and merchants ensures timely feedback to customer appeals. All customers shopping in the mall are subject to random surveys, measuring service experience, delivery installation, product quality, and mall environment across four dimensions to understand the comprehensive pre-sale, sale, and after-sale shopping experience. Final results are fed back to the malls for review and comparison, with each mall focusing on areas of improvement to continuously enhance reputation across various dimensions. In 2023, customer satisfaction reached 95.92%.



Information Security Protection

We place a high priority on information security protection, strictly adhere to laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China. We are committed to maintaining cyber and network security by continuously enhancing our information security management system, improving our information security management level, and ensuring the security of corporate information. In 2023, we introduced a "Cybersecurity Management System" to further specify the main objectives and basic requirements of cybersecurity work, implementing comprehensive management measures such as information system security assurance, information content security, terminal host security, routine network maintenance, emergency handling of security incidents, and comprehensive security awareness training for all employees. Parts of our information systems have passed level 2 and 3 certifications for graded protection.

Information Security Management Structure

Our cybersecurity work leadership group oversees, guides, and supervises information security management work, led by the Deputy General Manager with the General Manager of the Digital Center as the deputy leader. This group is responsible for formulating basic information security management systems, improving the information security protection system, decision-making on significant information security management issues, network security assurance and early warning monitoring, and organizing information security inspections and follow-up rectification supervision. Information managers or specialists from subsidiaries serve as cybersecurity liaisons, executes cybersecurity management regulations and measures, inspects and reports cybersecurity risks, and implements rectifications, as well as enhance employee awareness and skills in network security. Annually, we set information security goals and benchmarks, assessing department personnel through self-evaluation and superior evaluations. Subsidiaries formulate information security benchmarks aligned with their business realities, incorporating information security performance into the annual assessment of responsible personnel. We also encourage employees to report any information security issues to their direct leaders or relevant departments.

In 2023, we built a network security situation awareness system, addressed over 500 security threats involving more than 350 terminal devices, effectively preventing virus spread within the network from infected computers. We have established a network access control system, enhanced access control, covered 90 remote sites, and served over 2,600 users.



Information Security Emergency Management

We have established the "Emergency Response and Management Measures of Network Security Incidents," creating a scientific, effective, and rapidly responsive emergency mechanism. It specifies the emergency response procedures for information security incidents that could cause significant or major harm to the company. In such cases, the incident must be reported immediately to the information security leadership team, and effective technical measures must be taken promptly to address and manage the sudden information security incident. After the incident has been handled, a timely analysis and summary are conducted to report the causes, handling, improvement measures, and other relevant details, ensuring that corrective actions are implemented. We regularly organize emergency drills, including at least once a year data recovery verification and emergency drills for information systems classified under "graded protection" levels two and three, to continuously enhance our ability to handle information security incidents.

In 2023, we conducted cyber security attack and defense drills to continuously improve our capability to handle cybersecurity emergencies. We invited attack teams from third-party national-level cybersecurity firms to simulate real attack and defense scenarios, performing security tests on our information systems and conducting phishing email tests on employees. Through these attack and defense exercises and debriefings, we objectively assessed our level of security protection, raised employees' awareness of security precautions, and effectively enhanced the overall coordination and level of our network security defenses.

Information Security Education and Training



2023

Information security education and training sessions

6 times

We employ multiple channels and forms of publicity and training to disseminate information security knowledge among all employees, enhance their awareness and ensure the deep understanding and implementation of our information security policies. Through internal network postings, corporate WeChat mini-programs, and E-learning platforms, we share cases of network security incidents and personal cyber hygiene with employees. In collaboration with C&D Group and professional security vendors, specialized training sessions on the evolution of network security architecture and security strategies during the development process are provided for those directly responsible for our network security. We actively participating in Xiamen City's Cybersecurity Week, organize extensive training for employees, especially those responsible for network security, in cybersecurity awareness and technical skills. In 2023, we organized 6 information security education and training sessions.

Information Security Supervision and Inspection

Our strengthens information security supervision and inspection through regular network security checks and commissioning third-party institutions for IT audits, aiming to prevent and address information security risks.

In 2023, we conducted 20 information system security checks, 14 penetration tests, 342 vulnerability scans, identified and addressed over 400 high-risk vulnerabilities, automatically intercepted over 50,000 network scanning attacks, zombie host connections, and system vulnerability attacks, effectively identified and addressed information security risks. We also commissioned external professional institutions to audit the effectiveness of the internal controls of information systems.

2023

Information system security checks

20 times

Penetration tests

14 times

Identified and addressed over

400 high-risk vulnerabilities

Intercepted Network scanning attacks over

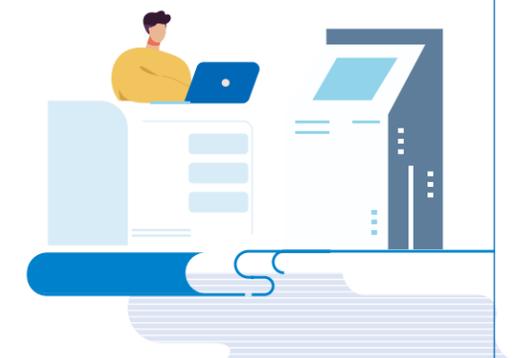
50,000 times

Vulnerability scans

342 times

Customer Privacy Information Protection

Recognizing the sensitivity and importance of customer information, we strictly adhere to relevant laws and regulations, implementing stringent measures to ensure the security and confidentiality of all customer data. All new employees undergo training related to data and company information confidentiality, are required to strictly prohibit the disclosure of customer information, and sign confidentiality agreements, thereby strengthening their awareness and responsibility towards protecting customer privacy. We have developed a "Privacy Statement" in accordance with the Cybersecurity Law of the People's Republic of China, the Regulations on the Security Protection of Computer Information Systems, the Personal Information Protection Law, and other applicable laws. This statement clearly defines the scope of customer information usage and commits to storing customer information for the period stipulated by relevant regulations, ensuring that customer data is not provided to third parties without legal circumstances or explicit consent from relevant stakeholders.



Responsible Marketing

We adhere to the "Regulations on the Management of Retail Promotion Activities," "Anti-Unfair Competition Law of the People's Republic of China," "Advertising Law of the People's Republic of China," and other marketing-related laws and regulations in our country and region. We insist on honest and transparent information dissemination and communication to ensure marketing activities truly reflect product features and service quality. In formulating marketing strategies, we always prioritize consumer needs and welfare, avoid misleading promotions, and actively advocates for environmental protection and social responsibility.

We are committed to honest and transparent communication strategies to ensure customers accurately understand the value and characteristics of our projects. We have established "Marketing Work Standards," "Marketing Inspection and Evaluation Standards," "Marketing and Customer Relations Brand Tendering Methods," "Regulations on Clarifying Product Output Content (Trial)," and "Notices on Customer Payment Refunds and Special Marketing Payment Requirements" to ensure the compliance of marketing activities.

In real estate operations

According to the "Marketing Inspection and Evaluation Standards," the Group's Market Development Department conducts quarterly compliance inspections, the results of which are used in the annual assessment of marketing managers.

Risk warnings are placed in sales scenes, display areas, and model rooms, and all projects display unfavorable factors inside and outside the red lines prominently.

Each cluster independently introduces third-party institutions to conduct sales service undercover inspections, based on the "C&D Real Estate 2023 Sales Scene Service Undercover Inspection Index," adding cluster-specific requirements for execution.

Macalline

Macalline has established the "Macalline Home Group Unified Marketing Activity Management System," created a unified public opinion management mechanism, perfected the planning, execution, summary, and evaluation of marketing activity schemes, and continuously conduct compliant marketing training to ensure orderly and compliant marketing activities across all units.

Support Industry Development

We maintain an open cooperation attitude and a commitment to sustainable development, actively participate in international environmental cooperation frameworks and initiatives, strengthen close cooperation with industry partners, share corporate and industry experiences and achievements, and jointly promote high-quality development in the industry.

Main Industry Associations Involved



Forest Stewardship Council (FSC)



International Sustainability and Carbon Certification (ISCC)

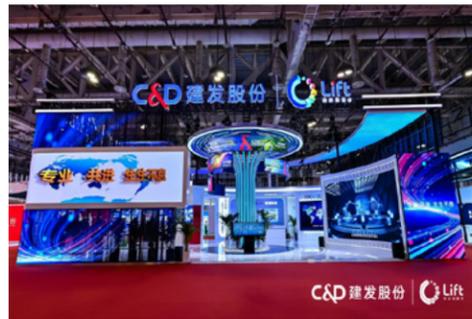


Programme for the Endorsement of Forest Certification (PEFC)

Main Industry Associations Involved

No.	Association Name	Position
1	China Federation of Logistics & Purchasing	Vice President Unit
2	Modern Supply Chain Research Institute of China Federation of Logistics & Purchasing	Vice Director Unit
3	Xiamen Modern Supply Chain Association	President Unit
4	China Chamber of Commerce for Import and Export of Textiles	Executive Director Unit
5	China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters	Director Unit
6	China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Director Unit
7	Xiamen Import & Export Chamber of Commerce	Vice President Unit
8	Chamber of International Commerce Xiamen	Vice President Unit
9	China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts	Director Unit
10	Statistical Society for Foreign Economic Relations and Trade of China	Director Unit
11	China Chamber of Commerce of I/E of Foodstuffs, Native Produce and Animal By-products (CFNA)	Member Unit
12	China Property Management Institute	Director Unit
13	Fujian Province Estate Management Association	Vice President Unit Executive Director Unit
14	Xiamen Property Management Association	Vice President Unit
15	Integrity Promotion Association of Xiamen	Executive Director Unit
16	Xiamen Emergency Management Association	Member Unit
17	China Association of Highway and Waterway Engineering Consultants (CAHWEC)	Executive Director Unit
18	The Civil Engineering and Architecture Association of Fujian	Chair of Supervisors Unit

Highlight



In September 2023, the "2023 4th China Supply Chain Management Annual Conference" and the "2023 National Supply Chain Management Excellent Achievements Exhibition," guided by the Ministry of Commerce, co-hosted by the China Federation of Logistics & Purchasing and the People's Government of Xiamen, were held in Xiamen. We showcased its professional operations, global layout, and dual empowerment and support experiences and achievements to the attending leaders and guests in a scenario-based, immersive multimedia format. We were awarded the "5A-level Supply Chain Service Enterprise" certificate during the Supply Chain Innovation and Development Conference held simultaneously by CFLP.

Highlight



In April 2023, the "China Steel Overseas Development Forum," co-hosted by Changfuli (Xiamen) Company and Shanghai Ganglian E-commerce Company, was held in Xiamen. The forum provided in-depth interpretations of topics related to the Chinese steel industry's "Overseas Steel Capacity Layout," "Overseas Mineral Resource Development," "Overseas Infrastructure Steel Demand," and "Steel International Trade Hotspots," collectively anticipating the opportunities for China's steel industry's overseas development.

Highlight



In April 2023, the 2023 China Pulp Summit (7th Edition), organized by the China Paper Association and hosted by Xiamen C&D Pulp & Paper Group, was successfully held, attracting more than 600 industry leaders, entrepreneurs, economists, and academic scholars. The summit facilitated industry exchanges, consolidated development consensus, and over six years has gained recognition and praise from all sides of the industry, becoming an important summit for promoting industry exchange.

People

We firmly believe that talent is the key force driving sustainable development. Thus, we adhere to a people-oriented philosophy, focus on the growth of every employee and strive to create a fair, just, and inclusive work environment. This ensures employees have access to decent, dignified work opportunities, making talent a ceaseless driver of our sustainable growth.

Human Rights Protection

We respect the "International Bill of Human Rights", follow the "United Nations Guiding Principles on Business and Human Rights", the "Universal Declaration of Human Rights", and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work", among other internationally recognized human rights standards and guidelines. We strictly comply with national laws and regulations to protect and support employee rights. To promote the implementation of human rights protection, we have established a "Human Rights Policy" and an "Anti-Discrimination and Anti-Harassment Policy," respect and protect the rights of employees, suppliers, community residents, and others potentially impacted by our operations. For potential human rights impacts and risk areas in its operations, value chain, and new business relationships, we establish communication mechanisms with local communities, employees, government agencies, investors, and other stakeholders to regularly identify potential human rights risks, and focus on vulnerable groups. We conduct training on human rights protection for employees and contractors to ensure the implementation of human rights policies and prevent related risks. In 2023, there were no incidents of child labor, forced labor, or human trafficking in violation of human rights policies across the company's global operations.

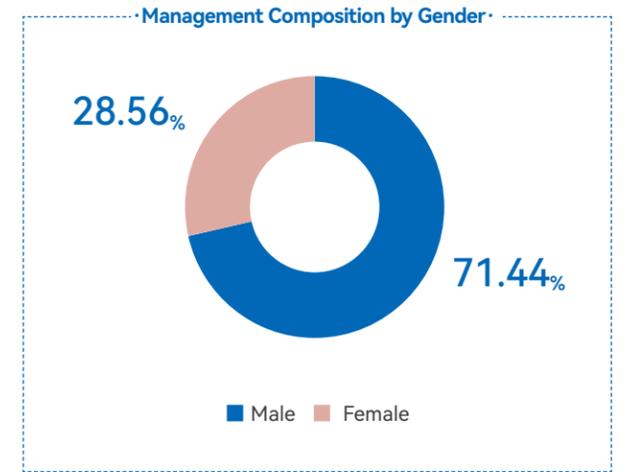
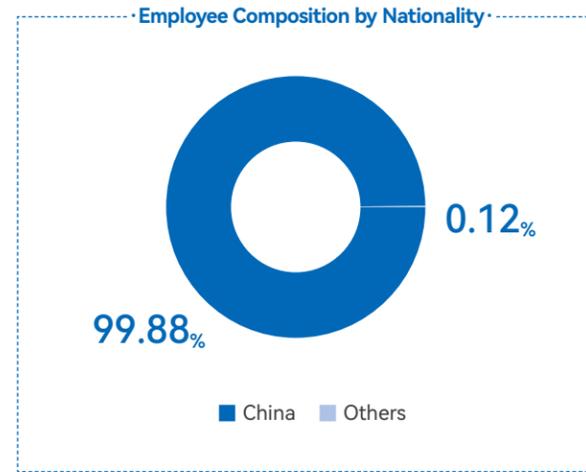
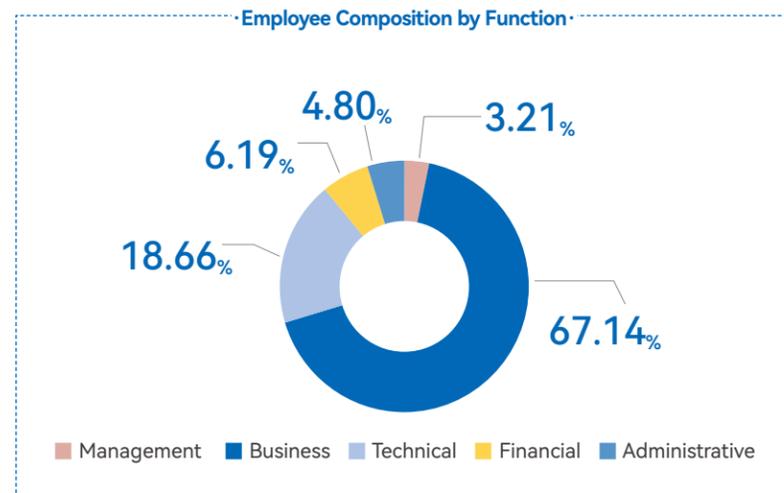
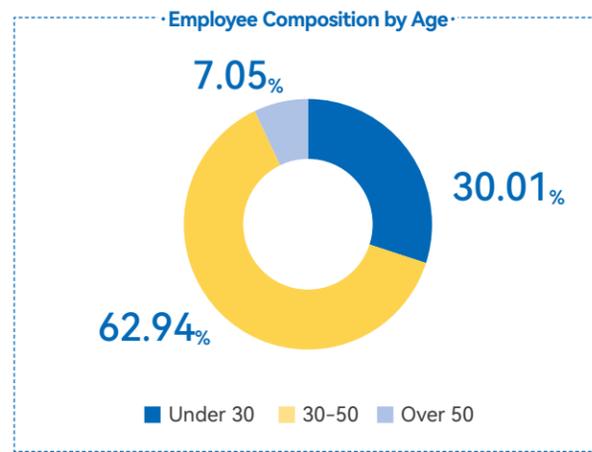
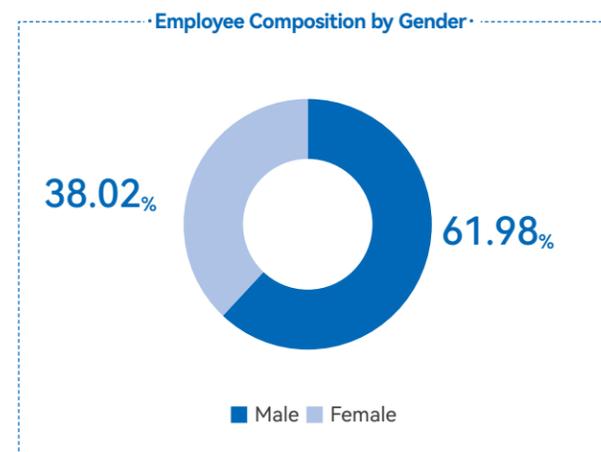
Equal Employment

We comply with "the Labor Law of the People's Republic of China", "the Labor Contract Law of the People's Republic of China", and employment laws and regulations in other countries and regions where we operate. We insist on compliant employment, fair employment, equal pay for equal work, and commit to a minimum wage standard not lower than legal requirements. We strictly prohibit and resist all forms of forced labor, child labor, slavery, and human trafficking, creating an equal, inclusive, and diverse work environment. In various employment activities such as recruitment, placement, assessment, and promotion, we do not discriminate based on race, religion, gender, age, sexual orientation, disability, nationality, cultural background, etc., ensure equal pay, benefits, and employment opportunities for female employees and qualified disabled employees, oppose any potential employment discrimination.

Recruitment Management



We have established human resource management regulations like the "Human Resource Management Regulations," to insist on compliant recruitment and set policies for avoiding conflicts of interest to eliminate recruitment violations. We respect the dignity of every candidate, clearly defining interview, assessment, background check, and hire approval processes for various positions, make hiring decisions based on professional qualifications, personal skills, and overall quality to ensure a fair and consistent recruitment process for all candidates and encourage mutual selection.



Exit Management

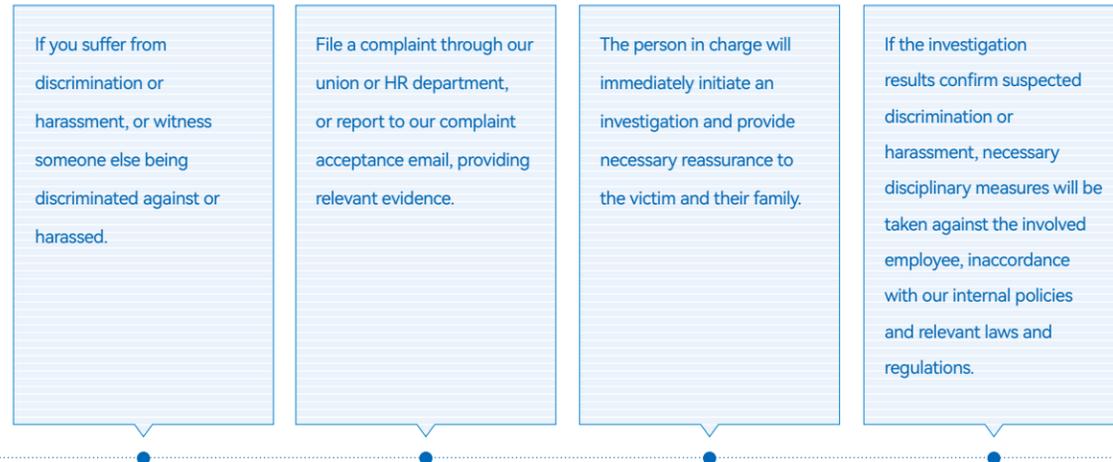
We have established exit management processes in strict accordance with legal requirements. Upon an employee's expression of intent to resign, we arrange for the employee's department head, direct supervisor, and HR personnel to conduct exit interviews to understand the reasons and demands for resignation. For high-potential talent, core business personnel, or management staff, we actively coordinate internal communications for retention. Monthly employee turnover statistics and analyses are conducted to monitor employee stability.

Anti-Harassment and Anti-Bullying

We are dedicated to fostering a diverse and inclusive work environment, eradicate any form of harassment and bullying. We prohibit any kind of violence, insult, defamation, or behavior that disrupts social order, including but not limited to actions, speech, or practices that infringe upon others' dignity and freedom. Misuse of authority or interference in employees' affairs through improper means is forbidden, with a stance against bullying and harassment, ensuring every employee respects individual rights and freedom while fostering a sense of belonging within the collective, enjoying a dignified workplace.

Employee Complaints and Protection

For behaviors suspected of violating the "Anti-Discrimination and Anti-Harassment Policy," we outline channels for public complaints or appeal in the "Human Resource Management Regulations." Employees are encouraged to submit complaints or appeals to the HR department, the company union, or escalate them directly to related functional departments or even top management, with the responsible department organizing an investigation and providing a response within five working days. We assure that all victims or complainants' information will be protected to avoid retaliation. We safeguard the implementation of the anti-discrimination and anti-harassment policy through strengthening internal management, establish oversight bodies, publicize complaint and appeal channels, conduct effective training, and guide and standardize employee behavior to maintain a positive corporate culture and work atmosphere.



Democracy and Freedom

We emphasize communication with employees, respect the democratic rights and freedom granted to employees by the constitution and laws, and clarify the related basic rights employees enjoy in the "Human Resource Management Regulations." We encourage employees to express diverse opinions and ideas, contribute their wisdom to our sustainable development. We actively implement collective bargaining and mediation mechanisms, legally establish unions, regularly convene employee representative assemblies, and formulate the "C&D Union Federation Management Regulations" to regulate the union's daily operations, ensuring employees' rights to information, participation, management, and supervision. In 2023, our union representatives reviewed and signed three collective contracts covering a range of employment agreements on salary systems, minimum wage, social insurance, working hours, safety production, occupational environment, and the protection of women employees' rights, extending the collective contract's coverage to 100% of our employees.

Employee Development

We have implemented the "Compensation and Benefits Management Regulations," and commit to provide employees with competitive compensation and benefits. We value training and personal development, adhere to the principle of appointing the virtuous and providing ample career development opportunities and learning resources. For individual development, we have established "professional + management" dual career paths, adhering to the principle of promoting the capable, rewarding the excellent, demoting the mediocre, and dismissing the incompetent, to fully stimulate organizational vitality and provide a platform for employees to realize their personal value.

2023

the total duration of employee training in our company amounted to

2,138,972 hours

Employee Compensation and Benefits

We strictly follow laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law, and establish "Human Resources Management Regulations," "Compensation and Benefits Management Regulations," and "Rewards and Penalties Management Regulations" to ensure employees' working hours, including special periods for female employees (breastfeeding, pregnancy, and maternity), and work environment meet legal requirements, with salary levels not lower than the minimum wage standards mandated by laws and regulations.

Compensation Performance

We have established a compensation structure centered on salary, supplemented by allowances, bonuses, and benefits. We regularly monitor and evaluate market trends and industry levels to review the reasonableness of compensation settings, ensuring employees are offered competitive and fair compensation and benefits. A scientific and diverse performance evaluation system helps employees understand work targets and expectations, evaluating their performance, capability, and attitude during the assessment period, identifying weaknesses, and providing guidance and support. This aids in planned work improvement and serves as an objective basis for decisions on rewards, promotions, and appointments. Performance assessment indicators related to sustainable development topics like innovation, risk management, safety production, and quality improvement are integrated into departmental and employee performance assessments, motivating employees while ensuring effective implementation of sustainable development policies.

Management personnel

Performance is assessed through business evaluations, personal reporting, democratic evaluations, and interviews.

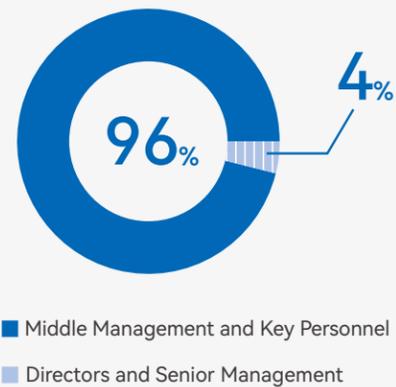
Other employees

Performance is assessed through objective management, setting work targets and metrics, and evaluating and providing feedback on outcomes.

Equity Incentive

Through equity incentive plans, we have established medium- and long-term incentive mechanisms for directors, senior management, middle management, and key personnel to attract and retain talent, motivating them to align shareholder, company, and individual interests towards high-quality, long-term development. By the end of 2023, 1,359 incentivized individuals held a total of 168,769,300 restricted shares, with middle management and key personnel (1,349 individuals in total) holding 161,669,300 shares, accounting for 96% of the incentive shares.

Equity Incentive Grant Ratio



1,359 incentivized individuals held a total of **168.7693** million restricted shares

Middle management and key personnel held **161.6693** million restricted shares

Employee Benefits

We care for employees' basic needs in aspects such as physical and mental health, serious illness medical care, working conditions, family care, and breastfeeding and parenting, and have established a long-term welfare plan. In addition to the statutory benefits of the "Five Insurances and One Fund," we have also set up a corporate annuity system, purchased group commercial insurance for employees (including overseas insurance), and provided various subsidies such as official travel, housing, remote work, communication, professional title/certification, lecturing, part-time work, management trainee, high temperature/cold weather, missed meal, holiday, and special position allowances (e.g., night shift). Additionally, diverse welfare benefits like health management and union team-building activities are offered. Beyond statutory holidays, we provide employees with annual leave, marriage leave, maternity/paternity leave, accompanying leave, parenting leave, breastfeeding leave, bereavement leave, sick leave, personal leave, etc. The duration of these leaves is adjusted based on the employee's tenure at the company and national laws and regulations to accommodate different needs. Employees are encouraged to take their annual leave as per regulations, and salaries for annual leave, marriage leave, paternity leave, bereavement leave, breastfeeding leave, etc., are paid at the regular working salary rate. In 2023, the total duration of paid parental leave taken by employees amounted to 4,787 days.

2023

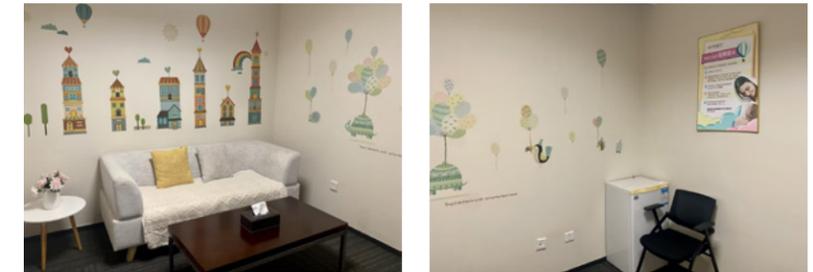
The total duration of paid parental leave taken by employees amounted to

4,787 days

Highlight

Lactation Rooms

We provide a lactation room for female employees, equipped with water dispensers, refrigerators, sofas, etc.



Highlight

Economic Assistance

We have established a group aid fund to provide necessary economic assistance to employees (or their spouses, children, parents, parents-in-law, etc.) and retired employees facing family difficulties due to severe illnesses, major accidents, or severe disabilities, helping them cope with the financial stress caused by sudden events or major diseases.

Talent Quality Cultivation

We continuously enhance and enrich our talent cultivation system and create a proactive learning organization. We have established an employee training system comprised of capability frameworks, course systems, instructor systems, operation systems, and learning platforms. Training content includes basic business training, specialized training, risk prevention series training, new employee boot camps, business backbone series training, and mid-to-senior-level management training. A specialized training center is set up at our headquarters, with numerous training plans formulated to provide employees with various training opportunities, and enhance their professional skills, international perspectives, and risk control awareness. Additionally, we organize internal competitions annually based on talent needs in critical positions and new units, and offer new career development opportunities for employees. For those who are unsuitable for their current positions but display good performance and quality, HR departments at all levels actively seek other internal development opportunities, to ensure the right fit for both position and person and provide a platform for continuous learning and improvement.

Highlight

Young Cadres Growth Community "Youth Gathering" – Cheung Kong Graduate School Business Study Class

In 2023, we launched 13 training sessions totaling 33 hours under the "Young Cadres Growth Community Cheung Kong Graduate School Business Study Class" and "Late Night Knowledge Hall," involving 67 employees from the supply chain operation business domain. The aim was to enhance the comprehensive quality and capabilities of young cadres, cultivating outstanding management and leadership talent for our development.



Highlight

Management Skills Enhancement Series Training Phase III Project

Focused on corporate culture, professional integrity, team management, and role transition themes, this project provided 54 hours of offline training for 167 newly appointed management backbone personnel. It aimed to build a workforce with a high cultural identity, good professional ethics, efficient collaboration capabilities, and strong adaptability, thereby enhancing our overall competitiveness and sustainable development capability.



Highlight

Peking University Guanghua School of Management – C&D Management Cadre Learning Project

In 2023, we initiated a 3-day thematic learning project on investment/industry chain/internationalization for official cadres in the supply chain operation business, with 63 employees participating in learning and industry visits at Peking University Guanghua School of Management. The short-term courses and seminars aimed to help employees update their knowledge and improve their skills.



Highlight

C&D Real Estate · Management Trainee "Flagship Employee" Training Project

This training was designed to accelerate new management trainees' understanding of our overall situation and culture, assisting in their transition from "campus individuals" to "C&D personnel." The project focuses on corporate culture, product concepts, and business fundamentals, the curriculum centered on cultural integration through lectures, executive sharing, project visits, team-building, knowledge competitions, and more, guiding trainees to perceive and learn the company culture.



Highlight

"E-Learning" Online Training Platform

Our "E-Learning" online training platform offers high-quality online educational resources, with courses categorized by themes such as macro trends, financial empowerment, overseas markets, industry insights, leadership area, international exchange rates, and cutting-edge information. Employees can choose appropriate courses based on job requirements, rank, and personal interests for self-directed learning. By the end of 2023, the "E-Learning" platform had launched 90 online courses, with a total of 306,218 participants, averaging 3,402 learners per course.

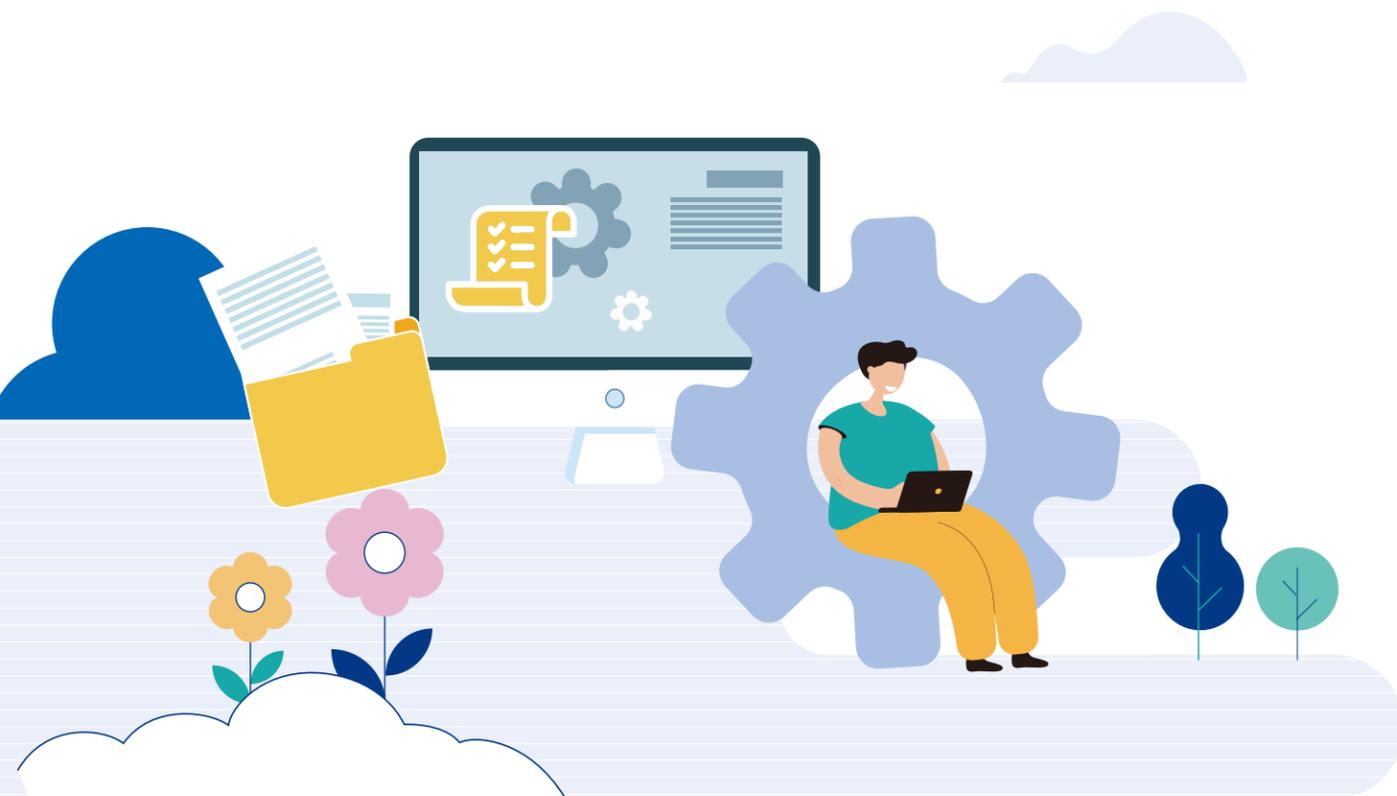
2023

"E-Learning" platform had launched

90 online courses

With a total of

306,218 participants



School-Enterprise Collaborative Cooperation

We continue to deepen our relationships with educational institutions, expanding our network of cooperative colleges and universities year by year, thereby strengthening mutual understanding, connection, and trust among us, universities, and students. We actively explore and establish new models of school-enterprise collaboration under the perspective of integration of industry and education, creating practical, effective, and feasible new paths for talent development. Currently, we have signed school-enterprise cooperation agreements with multiple institutions, including Peking University, Xiamen University, Dalian Maritime University, Ocean University of China, Fuzhou University, Jinan University, Nankai University, Central University of Finance and Economics, and University of International Business and Economics. In 2023, to meet the development needs of key regions such as Southeast Asia, South America, Europe, and Africa, the company strengthened its overseas recruitment channels through campus, headhunting, and website channels, supporting units at all levels to recruit foreign or expatriate talents. Simultaneously, we continue to accumulate overseas employment experience, continually research employment policies and talent environments in key areas, perfect the overseas employee commercial insurance system, and safeguard employees' overseas endeavors.

Highlight

Hong Kong Campus Recruitment

Employees with an international perspective from campus recruitment are crucial for supporting our future business innovation and success. With our high degree of openness and economic vitality, the Guangdong-Hong Kong-Macao Greater Bay Area attracts a large pool of young talents. We chose Hong Kong as our first overseas recruitment station, where the recruitment team collected resumes from nearly 600 students from the University of Hong Kong, Chinese University of Hong Kong, City University of Hong Kong, Hong Kong Polytechnic University, Hong Kong University of Science and Technology, and others in 2023.



Hong Kong Campus Recruitment

Highlight

"Lift Yourself" Summer Internship Program

Based on an open, inclusive, and diversified philosophy, we regularly conduct the "Lift Yourself" internship program during the summer, open to students worldwide without restrictions on nationality or major. In this program, each intern is paired with a mentor for one-on-one systematic training and extended activities, including capability practice and site visits. We record, evaluate, and assess interns' performance during the internship. Qualified and outstanding interns may receive campus recruitment opportunities at the end of their internship, along with the chance to become campus recruitment ambassadors and internal referral qualifications, plus generous referral bonuses provided by us. In 2023, students from Tsinghua University, Fudan University, Renmin University of China, Xiamen University, Central South University, Beijing Foreign Studies University, Central University of Finance and Economics, and other universities participated in our program.



"Lift Yourself" Summer Internship Program

Highlight

Integration of Industry and Education

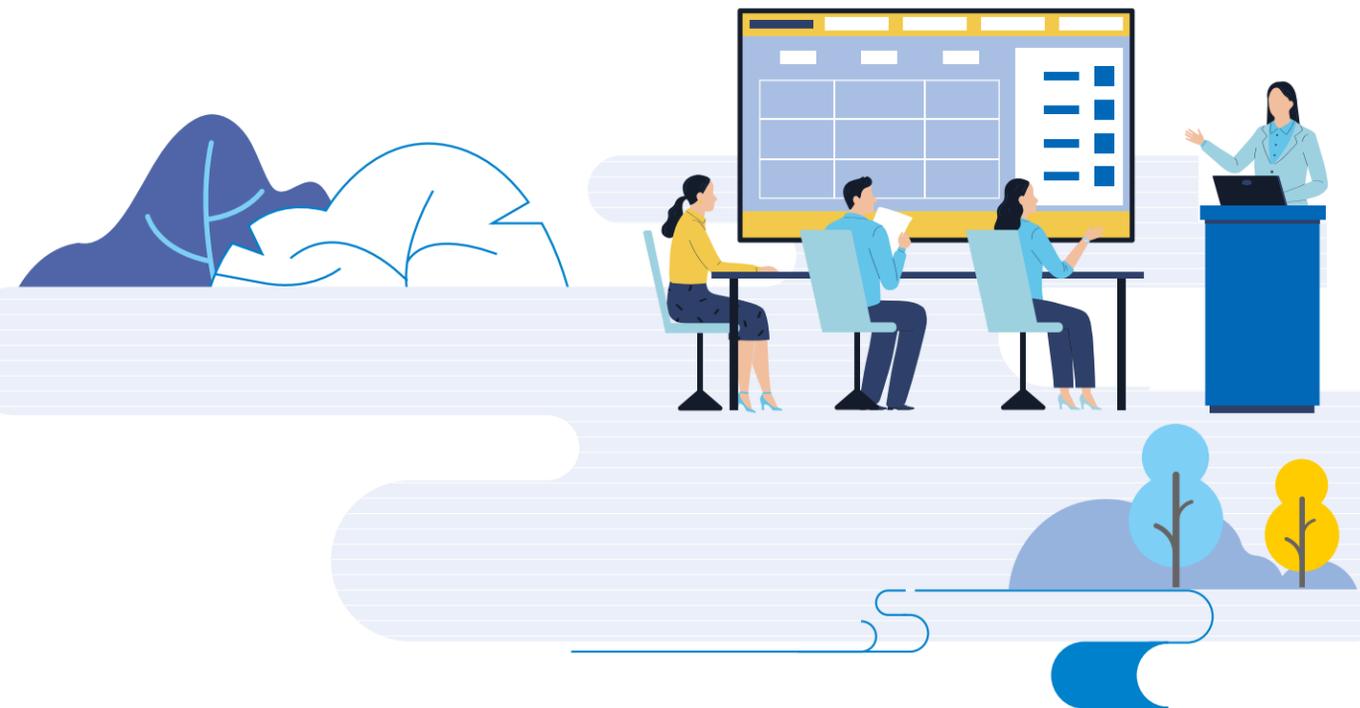
We have established long-term cooperative relationships with domestic colleges and vocational schools, such as Fujian Shipbuilding Industry School, Xiamen Technician College, Fujian Water Conservancy and Electric Power Technical College, jointly advance the construction of "C&D classes," improve the evaluation methods for industrial workers' skills, and carry out vocational skill level certification for "automobile maintenance workers" with C&D. In 2023, over 150 technical position interns were accepted, and more than 50 were employed. The teaching reform case developed in cooperation with Fujian Shipbuilding Industry School—"Research and Practice of the '123' Innovative Talent Cultivation Model Based on School-Enterprise Cooperation"—was selected as a typical case for the "Double Hundred Plan" of school-enterprise cooperation by the Chinese Society of Higher Education in 2022.



Integration of Industry and Education

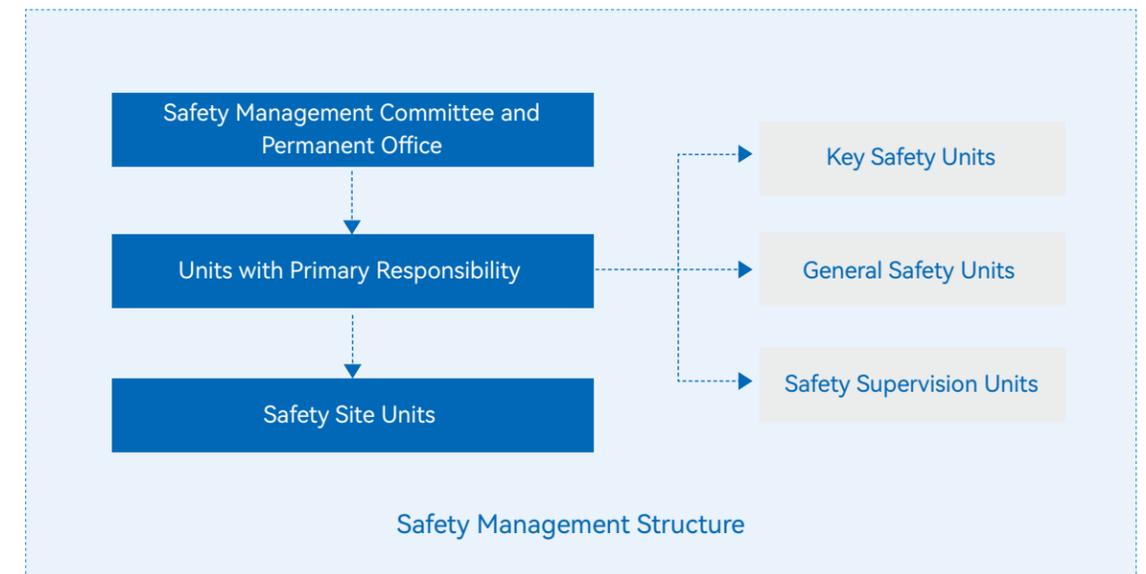
Occupational Health and Safety

We adhere to the policy of "safety first, prevention-oriented, and comprehensive management," establish the concept of "safety service operation, and management closely follows the strategy," and prioritize production safety and employee health. Through discussion, we have formulated the "Occupational Health and Safety Policy", which was approval by the Workers' Congress and the Chairman of the Board. We have further refined and implemented internal regulations such as the "Regulations on Work Safety Management," "Regulations on Reporting Sudden Events and Major Matters concerning Safety and Stability," "Training System for Work Safety Education," "System for Identifying and Treating Hidden Dangers," "Methods for Managing Safety in Large-scale Events," and "Regulations on Security Management of Overseas Institutions and Personnel." We were committed to minimizing occupational health and safety risks in our operations and ensuring the occupational health and safety of our employees. Meanwhile, we encouraged suppliers to establish sound systems for occupational health and safety protection through the "Supplier Code of Conduct," specifying specific preventive measures to reduce the occurrence of occupational diseases or work-related accidents, and safeguarding the health and safety of our employees to ensure that they enjoy the same rights to occupational health and safety as stipulated in the "Regulations on Work Safety Management." In 2023, we revised the "Guidelines for the Construction of Work Safety Management System," referring to international standards such as ISO 45001 and OHSAS 18001, continuously improving the occupational health and safety management system. By identifying, assessing, and managing occupational health and safety risks in the process of business development, we established a dual preventive mechanism for graded control of safety risks and investigation and treatment of hidden dangers, and conducted regular reviews and supervision to continuously improve occupational health and safety management and work standards. In 2023, our production subsidiaries obtained ISO 45001 certification for occupational health and safety management system, and no personnel deaths or major work safety accidents occurred throughout the year.



Safety Management Institution

We establish a Safety Management Committee as the institution responsible for work safety management. The committee is chaired by the CEO, with Deputy General Manager and managers of key safety units serving as vice-directors. A three-tier safety management structure is established and tailored to the diverse nature, formats, and primary risks of each unit. Safety responsibilities are divided among key safety units, general safety units, and safety supervisory units, ensuring comprehensive implementation of the "all-staff work safety responsibility system" and hierarchical accountability for safety. The Chairman and senior management are accountable for major accidents, and the compensation of the management is linked to the safety performance of their respective units.



In 2023, we signed 1,103 safety responsibility agreements with all safety responsibility units and 284 agreements with outsourced units (partners, contractors, suppliers, tenants, construction contractors, etc.), achieving a coverage rate of 100%. We set occupational health and safety management objectives in 2023 work safety plan, conducting quarterly assessments of work safety objectives for each department and reporting the results at safety meetings. The results of work safety assessments were linked to the compensation and performance of relevant personnel and management.

2023

We signed with all safety responsibility units
1,103 safety responsibility agreements

Achieved a coverage rate of
100%



Safety Risk Prevention and Control

We have formulated the "Work Safety Risk Classification Management and Hidden Danger Investigation and Control System" determining and implementing graded risk control for major hazards. To improve workplace safety and reduce injuries and accidents, we have identified gas, elevators, high-rise firefighting, and hazardous operations (such as hot work, confined space work, work at heights, and temporary electrical work) as core risks. We have established control systems and management guidelines such as the "Elevator Safety Management System," "High-rise Building Fire Safety Management System," "Gas Safety Management System," and "Hazardous Operations Safety Management System," and urged all units to implement them. Each of the key safety units, in accordance with their own business characteristics, conducts hazard identification work. Using the LEC method, they classify risks specific to their respective business types (such as container risks, warehouse risks, risks in automobile dealerships, etc.) and formulate control measures, conducting regular training and inspections. In 2023, we hired experts from the Xiamen Emergency Management Association to assist in hazard identification and control work, identifying a total of 325 hazards and formulating 864 control measures, all of which have been posted on important risk notification cards.

2023

Identified a total of **325** hazards

Formulated **864** control measures

Highlight

Engineering Emergency Reporting and Handling Mechanism

In the real estate business, regarding engineering emergencies, C&D Property has formulated and continuously revised the "Engineering Emergency Reporting and Handling Mechanism" to strengthen the management process of engineering emergencies, standardize the reporting and handling mechanism, ensure the safety of personnel and property, reduce project operating costs, and achieve effective closed-loop handling of emergencies. After an emergency occurs, each project must strictly follow the emergency response plan template for handling and continuously monitor the situation's development, upgrading the response as necessary. Furthermore, each project must strictly adhere to the reporting mechanism, with any concealment or omission subject to corresponding penalties. To ensure that employees are familiar with and proficient in the reporting process, each business unit leads the organization of systematic training sessions.

Highlight

"Smart Firefighting" Construction

Our logistics subsidiary has selected Changle Logistics Center as a pilot project to achieve automatic alarm for abnormal electricity usage by monitoring voltage, current, phase line temperature, etc. Additionally, at Yibin Logistics Center, infrared thermometers were used to assist electricians in conducting special electrical inspections in key areas. Our automotive group has completed "Smart Firefighting" construction in the Jiemei and Xiang'an districts, strengthening monitoring of water systems and fire systems through the use of IoT technology.

Highlight

"Smart Firefighting" System

In the C&D Xi Yue project in Xiamen, C&D Property employs smart firefighting and water supply and drainage systems to ensure the continuous safe and efficient operation of firefighting pipelines, domestic water supply networks, and key equipment. This system can real-time monitor the operation data of key facilities and equipment in the project, including water tank levels, pump operation status, pipe network pressure, equipment room temperature and humidity, as well as the status of fire alarm hosts. Additionally, through the intelligent early warning mechanism of this system, C&D Property can detect abnormal situations in advance and deal with them promptly, ensuring the normal operation of key facilities and equipment while reducing safety risks.

Highlight

Smart Elevator Management System

The C&D Xi Yue project in Xiamen has implemented a Smart Elevator Management System, which not only reduces energy consumption but also enhances safety management levels. This system can monitor the temperature of elevator machine rooms and remotely control ventilation fans and air conditioning as needed. Utilizing the AI capabilities of elevator cabins, it accurately identifies safety hazards such as the entry of electric vehicles into the elevator and prolonged elevator blocking, issuing timely warnings to ensure the safety and convenience of residents. Furthermore, the system can detect water flooding in the elevator pit and immediately issue warnings upon detection of anomalies, effectively preventing potential risks.

Highlight

Security Management at Macalline Shopping Centers

Macalline is committed to improving workplace safety and continuously optimizing security management in its shopping centers. In 2023, it upgraded the inspection system to version 2.0, extending coverage from originally self-operated stores to all shopping centers nationwide, with monthly regulatory assessments.



Workplace Safety Inspection

We actively conduct internal and external safety audits. Our safety committee conducts safety system audits every quarter according to the "Safety Assessment Plan" and applies the audit results to safety assessments to achieve continuous improvement of the safety management system. Two stores under the logistics subsidiary and automotive group participate in the standardization rating of work safety. The emergency management department conducts safety audits every 3 years in accordance with the "Guideline of China occupational safety and health management system" (GB/T33000). In 2023, the safety committee inspected a total of 41 on-site units, discovering and rectifying 103 hidden dangers, with a coverage rate of 100% for inspection formats. The inspection density of each safety key unit significantly increased, with a total of 138 on-site units inspected, discovering and rectifying 989 hidden dangers, and achieving an inspection coverage rate of 86%. In addition, each on-site unit conducts self-inspection monthly, rectifying a total of 1,134 hidden dangers.

2023

The safety committee inspected a total of	Discovered and rectified	With a coverage rate of	Each on-site unit rectifies a total of
41 on-site units	103 hidden dangers	100%	1,134 hidden dangers

Flexible Hidden Hazard Inspection

Building upon the initial phase of addressing rigid hazards, we have identified 14 key risks existing in specialized operations, maintenance of special equipment, hazardous waste management, and occupational health management. We have organized special task forces in each safety-focused unit to carry out targeted actions, resulting in the identification and rectification of a total of 22 hidden hazards.

Specialized Operation Inspection

A comprehensive inspection of the qualifications of all company employees engaged in specialized operations was conducted. We inspected 212 forklift operators, 37 high-voltage electricians, 219 low-voltage electricians, 63 welders and hot cutters, and 132 crane operators in total. The disqualified employees were promptly isolated and rectified.

Gas Usage Inspection

To address gas safety concerns, we carried out a special governance initiative. Following a thorough investigation, we found that five 4S stores within automotive group and the liquor company were using gas. Our safety committee allocated a special rectification fund of 56,000 RMB to the automotive group to converse from gas to electricity, thus eliminating gas hazards at once. Due to operational restrictions, the liquor company was unable to cease gas usage but we have re-evaluated and ensured its safety.

Real Estate Project Inspection

C&D Property adheres to the safety bottom line of projects, strictly implementing the "Red-Yellow Card Supervision System," and imposing strict fines on personnel responsible for incidents involving red-yellow cards. We are committed to achieving the work safety goal of zero incidents related to fire safety, elevator safety, and personal injury.

Inspection Methods

C&D Property's Operations Management Center and Cluster Property Departments are responsible for organizing joint inspections once each year in the first and second halves of the year, as well as conducting periodic spot checks. Business units/companies are required to carry out safety bottom line supervisory inspections once per quarter, while districts/projects are to conduct safety bottom line supervisory inspections once per month. For newly added external projects (including new construction), business units/companies must complete a safety bottom line self-inspection within three months from the project's occupancy date. Except for special approvals, newly added external projects (including new construction) that do not meet the fire access conditions are not allowed to report existing safety bottom line issues.

Inspection Content

We cover multiple aspects including fire protection systems, elevator systems, public facilities, operational management, and past rectification, ensuring that each safety aspect receives sufficient attention and effective control.

Additionally, clear regulations have been established for safety rectification work: management-related issues must be rectified within 7 working days after discovered by the relevant department, equipment-related safety issues must be rectified within 1 month, with a maximum extension of 3 months under special circumstances. Otherwise, it requires hierarchical review and approval of the General Manager. For safety bottom line issues that cannot be rectified in a timely manner, the relevant departments must promptly and proactively inform internally and report to relevant internal and external parties. Within 7 working days after reporting, targeted emergency plans must be developed, and relevant personnel must conduct at least one drill. Additionally, emergency plans must be evaluated and revised annually, with drills conducted at least semi-annually. If safety bottom line issues reported internally are not rectified within the specified time frame, corresponding penalties will be imposed according to the human resources reward and punishment system, with quarterly notifications issued.



● Community Safety Inspection

C&D Property attaches great importance to community safety management. Through the formulation of an annual work safety plan, organization of work safety inspections, and conducting training on key points of annual safety hazard identification, we enhance employees' awareness of safety hazards and their ability to handle them, thereby establishing a solid community safety system. We hold monthly safety meetings to thoroughly review the safety situation of the previous month and plan work safety work for the next month. Monthly online hazard inspections are implemented, utilizing the PMS work order system to ensure comprehensive and meticulous inspections of public areas by the order and customer service teams. Additionally, self-inspection and self-correction activities are conducted before important holidays such as New Year's Day, Spring Festival, Labor's Day, and National Day, ensuring work safety during the holiday period.

In addition, C&D Property strictly adheres to the guidelines of the "C&D Real Estate Property Project Safety Hazard Inspection Manual". It implements corresponding standards in key safety areas such as fire protection, elevators, swimming pools, water features, fall prevention facilities (including children's recreational facilities), electric vehicles, and gas, and provides specific explanations of the potential harm of various safety hazards to enhance safety awareness. To address two major key issues of high-altitude throwing and elevator safety, C&D Property has taken a series of effective measures:



Throwing objects from height

Detailed inspection plans are formulated to comprehensively cover all areas within the community, with a focus on checking public areas and monitoring facilities where risks may exist. Inspection and rectification work for strengthening protective measures are intensified, and targeted special inspections are conducted. Through educational campaigns, residents' awareness and understanding of high-altitude throwing are raised to enhance safety consciousness.

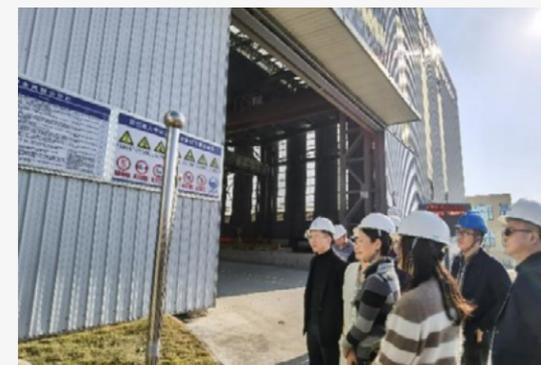


Elevator safety

C&D Property strengthens the quality and safety level of elevators by implementing bi-monthly inspections and intercom communication tests to ensure safe operation. It promotes safety elevator knowledge and rescues skills through elevator car culture construction and centralized publicity activities, guiding residents to take elevators safely and courteously. At the same time, semi-annual emergency rescue drills for elevator entrapment are conducted to enhance the ability of property management and maintenance units to respond to emergencies.

● Mall Safety Inspection

Every year, Macalline conducts two rounds of safety risk inspections for all opened malls nationwide, covering 13 items including building structures, facilities and equipment, operating booths, decoration booths, vacant booths, cross-industry dining, emergency response, and non-business hour control. It implements district-based management for safety personnel, with each responsible for supervising the safety of malls in their respective districts, achieving full coverage within six months. At the regional level, quarterly inspections and mutual inspections between mall general managers are conducted. At the mall level, weekly and monthly self-inspections and rectification work are carried out to comprehensively promote the identification and rectification of safety hazards in the malls.



Emergency Safety Management

In managing sudden production safety incidents, we follow the principle of "quick response and hierarchical reporting". Work Safety leaders in each unit report incidents step by step, and in cases of special urgency, they may directly report to the leader of our work safety working group or the chairman. Once a sudden incident or accident occurs, the work safety working group immediately initiates relevant emergency plans, actively conducts accident rescue operations, and ensures that unit leaders arrive at the scene promptly. Effective measures are swiftly taken to organize rescue efforts, prevent the incident from escalating, and minimize casualties, property damage, or damage to our reputation to the greatest extent possible.

We have formulated the "Emergency Management Regulations for Work Safety Accidents," which specifies requirements for contingency plan formulation, team building, material allocation, and drill execution. Each key safety unit, considering its own business characteristics, has developed an emergency plan system for high-risk scenarios such as fire evacuation, safety accidents, and typhoons. Periodically, safety fire drills and emergency exercises are organized for employees to enhance their emergency response capabilities. Currently, we have developed 29 types of emergency plans and 37 operating standards, covering all aspects of business operations. In 2023, our key safety units conducted a total of 16,704 emergency drills based on the emergency plan system, with 158,370 participants. The drill themes included scenarios such as typhoon and flood prevention, fire prevention, falls from height, mechanical injuries, chemical burns, hazardous material leaks, and heatstroke in high-temperature weather, among others.

2023

Based on the emergency plan system, our key safety units conducted a total of

16,704 emergency drills

With a total of

158,370 participants

Highlight

Emergency Drills for Typhoon and Flood Prevention

To address emergencies such as typhoons, heavy rainfall, and flooding, C&D Property has developed a "Typhoon and Flood Prevention Plan." Prior to the rainy season, the plan generates specialized inspection work orders through the PMS system, which are then carried out by various departments and projects. Concurrently, on-site drills for typhoon and flood prevention are conducted to enhance response capabilities. In 2023, one week before the arrival of Super Typhoon "Doksuri" in Quanzhou, C&D Property issued a typhoon emergency warning and organized departments and projects to conduct specialized inspections and material preparations according to the requirements of the typhoon and flood prevention emergency plan. During the typhoon, particular attention was paid to key areas such as garages, rooftops, equipment rooms, and low-lying areas with regular inspections to promptly identify and address potential hazards. After the typhoon, quick action was taken to clear fallen trees, remove water accumulation, and inspect facilities and equipment to restore order to the community as quickly as possible. Despite the impact of the typhoon and heavy rainfall, cities such as Quanzhou, Xiamen, and Fuzhou experienced urban flooding and fallen trees, C&D Property's managed projects did not experience underground flooding.

Highlight

Fire Emergency Drills in Shopping Malls

In 2023, relying on Fire Prevention Day (April 19th) and Firefighting Day (November 9th), Macalline conducted various emergency plan drills and specialized assessments. A total of 322 malls nationwide participated in the drills, organizing a total of 14,939 emergency drills, with 147,979 participants. Local fire departments were invited to participate in 705 mall plan drills, covering scenarios such as emergency evacuation, firefighting, elevator entrapment, sprinkler burst, counter-terrorism incident response, and sudden event response, involving 100% of the company's employees. Additionally, the company conducted emergency plan drills for malls in 62 cities nationwide, totaling 124 drills throughout the year, comprehensively enhancing the collaborative emergency response capabilities of shopping malls.



Organized a total of

14,939 emergency drills

With a total of

147,979 participants



Safety Training Education

We attached great importance to employee occupational health and safety education, strictly following the requirements of the "Work Safety Education and Training System" to provide employees with education and training in work safety. In order to further strengthen the work safety for overseas institutions and personnel, we have also formulated the "Regulations on Security Management of Overseas Institutions and Personnel", explicitly requiring sending units to organize overseas safety education and training before personnel are dispatched abroad. In 2023, we issued the "Safety Training Outline", covering safety management qualification training, new employee safety training, emergency fire training, safety management platform training, work safety standardization thematic training, CPR certification training, online occupational health training, etc. In 2023, we and various safety key units conducted safety and occupational health training in accordance with the safety training outline and job characteristics, with a total of 31,321 training sessions and drills conducted, involving 373,368 participants, and achieving a 100% coverage rate among employees.

Conducted training sessions and drills with a total of

31,321

With a total of

373,368 participants

Coverage rate among employees

100%



Highlight

Real Estate Construction Safety Training

To comprehensively enhance employees' safety awareness and improve safety skills, we organize the development of a series of safety-themed courses covering office safety, fire safety, and various professional safety training, etc., and upload them to the "Zhangjianshi" learning platform for all employees to study. Each level of operating unit formulates annual training plans based on business characteristics and actual situations. Through safety knowledge quizzes, firefighting practical competitions, thematic lectures, etc., work safety, special operations personnel, office safety, driving safety, and other aspects of safety education and training are provided to employees. Before the start of the project, operating units coordinate with supervisory units to strictly supervise construction units, ensuring that all incoming construction personnel receive appropriate safety technical measures briefing and pre-job training to prevent potential safety risks. Additionally, we utilize various promotional platforms such as "Weilianfa" and "Lianfa's windows" to disseminate information on current social hot topics or safety knowledge.

Highlight

New Employee Safety Training

C&D Property places great emphasis on cultivating and enhancing employees' safety awareness. For new employees, tailored induction task lists are formulated according to different positions, and through a systematic training process, new employees are assisted in gradually mastering core safety knowledge and skills. Meanwhile, diverse safety training courses are actively organized, covering topics such as correct operation of pressure relief valves, emergency plans for engineering management emergencies and sharing of typical cases, dissemination of safety bottom lines with red and yellow cards and case sharing, and the use of engineering safety protective equipment, aiming to comprehensively enhance employees' safety awareness.



Highlight

Mall Safety Training

Macalline implements training for its own employees, business clerks, decorators, catering staff, and third-party personnel. The training content covers safe electricity use, understanding and mastery of the "four understands and four knows" of fire safety, fire extinguisher usage, decoration management standards, national regulatory norms, commercial warning case studies, and various official document notification standards. Additionally, Macalline actively conducts safety publicity work through a combination of online and offline methods such as mall bulletin boards, propaganda columns, and micro-pushes, with a total of 3,312 safety promotions conducted throughout the year. The safety knowledge dissemination, training, and activities carried out in ongoing projects are divided into regular and irregular categories. Macalline regularly conducts safety education and training for new workers before they enter the construction site, holds safety special meetings no less than once a week, and conducts education, training, and publicity activities in line with the theme of National Safe Production Month in June each year for all employees. Furthermore, Macalline organizes special safety knowledge training and warning education activities irregularly based on the project situation and on-site safety issues. In 2023, Macalline conducted a total of 10,676 training sessions, with a total of 201,573 participants.



Occupational Health Management

We attach great importance to occupational health management of employees, strictly adhering to the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases," "Provisions on the Administration of Occupational Health at Workplaces," and "Classification and Catalogue of Occupational Diseases," continuously establishing and improving occupational health management systems. We implement reasonable work schedules and flexible work arrangements, providing employees with online occupational health training, health check-ups, psychological health assessments, and other services, aiming to provide a safe, healthy, and pleasant working environment. We achieved a zero occupational disease incidence rate in 2023.

Employee Assistance Program

We implement an Employee Assistance Program (EAP), providing employees with a comprehensive, long-term professional mental health welfare and support program. Through professional diagnosis, advice, guidance, training, and counseling (both we and third-party institutions are committed to strictly protecting the confidentiality and privacy of the counseling), we help to address the psychological and behavioral issues of employees and their family members.

- Provide 24-hour psychological counseling services to facilitate problem-solving and stress relief, effectively enhancing employee work enthusiasm and life satisfaction in the short term.
- Equip with an outstanding team of professional psychological counselors, with nearly 600 counselors available for selection.
- Employees can make appointments for psychological counseling via phone, WeChat official account, and enterprise WeChat. Counseling sessions are available in both online and offline formats.

Employee Health Management

We mobilize all employees to participate in online occupational health training, organize annual comprehensive health check-ups for all employees, including physical examinations, routine tests, and specialized examinations, to ensure timely detection and intervention of employee health conditions. We provide personalized health advice and guidance to help employees focus on and manage their health comprehensively.

We operate a cafeteria, providing healthy meals for employees with balanced nutrition to improve the health of the workforce through dietary regulation. We also establish employee fitness groups, offering various classes such as yoga and swimming to provide fitness and nutrition knowledge, meet the employees' need for physical exercise, improve their mood and mental state, and foster a positive corporate culture, thereby fully supporting the overall physical and mental health of all employees.

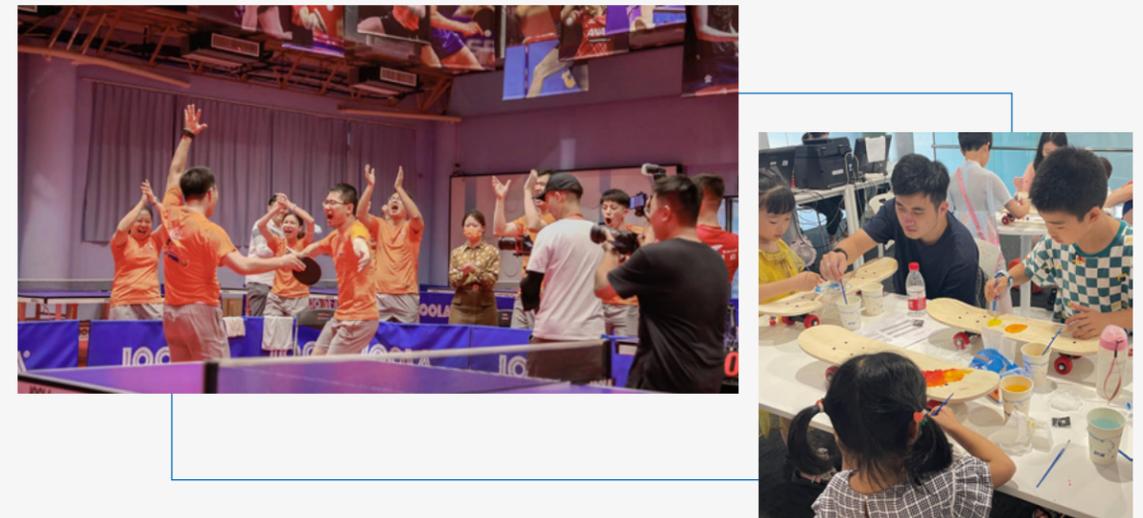
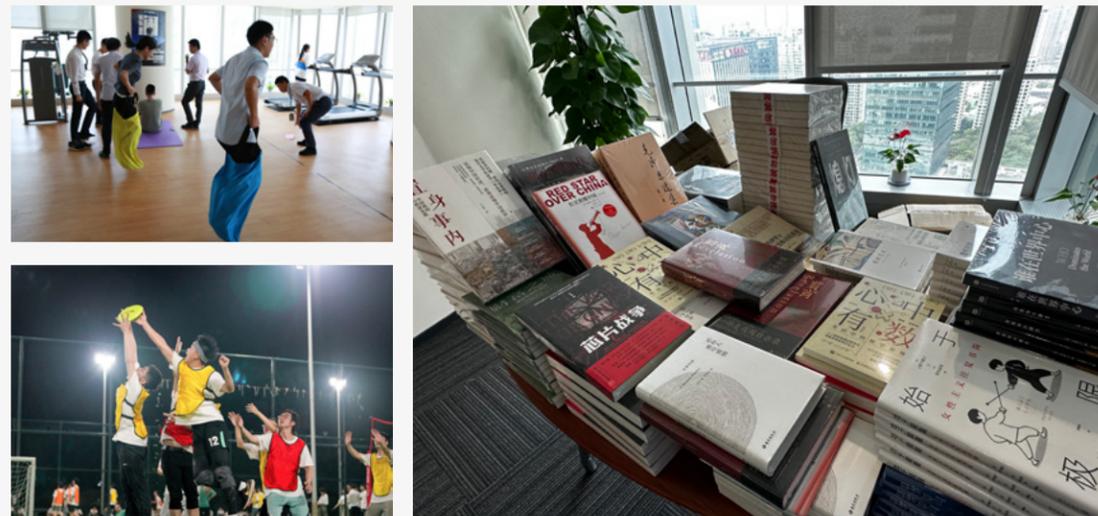
Subsidiary companies carry out free breast and gynecological disease screenings for female employees in difficult circumstances. They also collaborate with Baodao Optical and China Minsheng Banking Corp., Ltd. to provide on-site eye health check-up services, enhancing employees' awareness of eye care.

● Work Schedule Management

We strictly adhere to the requirements of the "Labor Law of the People's Republic of China" and local laws and regulations regarding working hours, advocating for a balance between work and life. We generally implement a two-day weekend system, rigorously control unnecessary overtime, and ensure that employees enjoy statutory rest periods and holidays, thereby guaranteeing that employees do not work overload within prescribed working hours to safeguard their physical and mental health. For positions implementing flexible or comprehensive working hour systems, we require relevant management personnel to report according to policy requirements. Through regulating employee attendance, preventing excessive overtime, promoting work-life balance, and fostering a healthy and safe working environment.

● Employee Recreational Activities

We regularly organize a variety of recreational activities, such as tree planting, collaborative events for festivals, annual sports meetings, and employee basketball games. We also construct beneficial physical and mental recreational facilities, such as gyms and staff reading spaces like "WE Reading Space," enriching employees' leisure lives and enhancing collective identity and organizational cohesion.



Highlight

Cooling and Warming Activities

In real estate operations, we organize "Cooling and Warming Activities" for frontline employees. During hot summers, we provide cold drinks, sù-kó-thong, and other cooling foods to employees, while during cold winters, we offer hot tangyuan (glutinous rice balls) and dumplings, ensuring the physical health of employees under high summer temperatures and severe winter conditions.



03

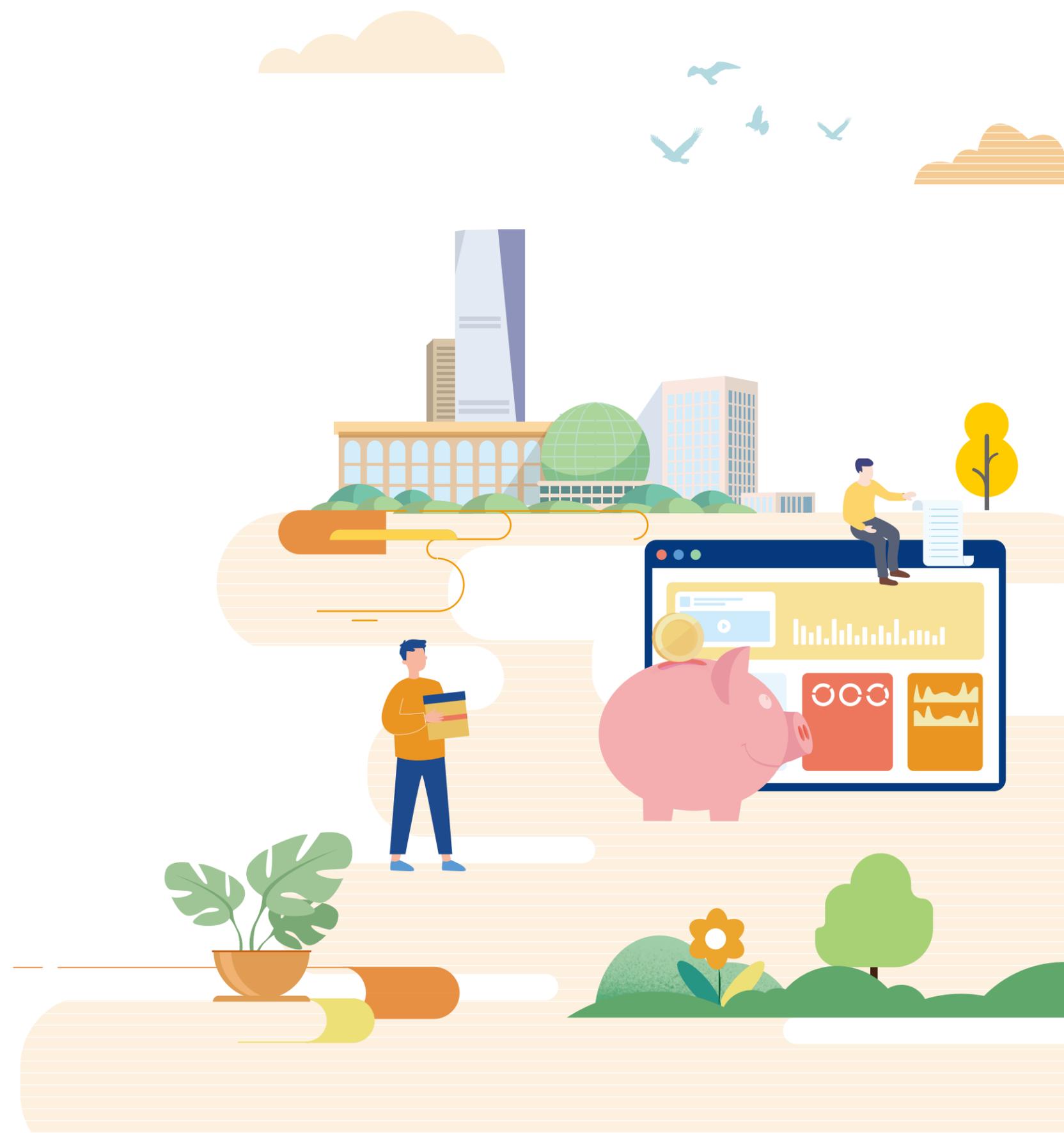
GOVERNANCE

We establish and continuously improve a corporate governance system that is just, responsible, effective, and inclusive. We consistently enhance the scientific nature and transparency of decision-making, promote the improvement of risk management systems, and adhere to high ethical standards in business conduct. We establish fair and positive relationships with all stakeholders, thereby ensuring sustainable development and long-term value creation.



Governance Performance Targets in 2023		Completion Status
1	Revise and enhance sustainable development policies and systems in conjunction with business operations and development	✓
2	Zero significant lawsuits or major administrative penalties throughout the year due to unfair competition practices	✓
3	100% coverage rate of anti-commercial bribery and anti-corruption training for employees during the year	✓
4	Zero number of tax compliance violations	✓
5	Disclose the 2023 Sustainable Development Report by May 2024, and report the ESG governance effectiveness in 2023 to stakeholders	✓

Completed
 In Progress
 Unfinished



Governance for Sustainable Development



We integrate sustainable development concepts into corporate governance and gradually establish a top-down sustainable development management framework. Under the Board of Directors, there are various committees including the Audit Committee, the Remuneration and Appraisal Committee, the Strategic and Sustainable Development Committee, the Risk Management Committee, and the Investment and Policy-making Committee. These committees provide professional consultation and advice to guide and supervise ESG (Environmental, Social, and Governance) management work, continuously enhancing our level of sustainable development management, and promoting the realization of long-term corporate value.

Sustainable Development Governance Structure

In 2023, we revised the "Working Rules of the Board of Directors' Strategic and Sustainable Development Committee", specifying that the Strategic and Sustainable Development Committee is responsible for researching and making recommendations on ESG strategies, as well as ESG issues of stakeholder concern such as environmental management, greenhouse gas emissions, human rights protection, and responsible supply chains. The committee also reviews ESG reports and guides and supervises ESG-related work. The committee holds meetings annually to discuss climate-related issues and reports to the Board of Directors. At the executive level, we have established a Sustainable Development Working Group composed of senior management and managers from relevant functional departments. Under the guidance of the Strategic and Sustainable Development Committee, this group is responsible for implementing specific ESG-related tasks.



Appointment of Directors and Senior Management

We strictly follow the procedures for the nomination and election of board members in accordance with the Articles of Association, Rules of Shareholders Meetings, and other regulations. Board members are elected by the shareholders' meeting. Currently, the board of directors consists of 9 members, including 3 independent directors, all of whom hold doctoral degrees, accounting for 33.33% of the total number of board members.

We strictly adhere to the procedures outlined in the Articles of Association and other regulations for the appointment of senior management personnel. Senior management personnel cover professional fields including corporate management, financial management, risk management, etc. Among them, there are 2 female senior management personnel, accounting for 25% of the total number of senior management personnel.

Name	Occupation	Age	Professionalism				Board Committees				
			Industry Experience	Operations Management	Risk Control and Compliance	Accounting & Financial	Strategy and Sustainable Development Committee	Risk Management Committee	Remuneration and Appraisal Committee	Investment and Policy-making Committee	Audit Committee
Zheng Yongda (Male)	Chairman	52	○	○	○	○	○	○		○	
Huang Wenzhou (Male)	Vice Chairman	59	○	○	○	○	○	○	○	○	○
Ye Yanliu (Female)	Director	51	○	○	○	○	○	○		○	
Zhou Shaorong (Male)	Director	48	○	○	○	○		○		○	
Lin Mao (Male)	Director&CEO	56	○	○	○	○	○	○		○	
ChenDongxu (Male)	Director& Vice President	53	○	○	○	○		○		○	
Lin Tao (Male)	Independent Director	52	○		○	○			○		
Chen Shoude (Male)	Independent Director	48	○		○	○			○		○
Wu Yuhui (Male)	Independent Director	45	○		○	○					○
Jiang Guizhi (Female)	Vice President& Board Secretary	52	○	○	○	○					
Wang Zhibin (Male)	Vice President	55	○	○	○	○					
Xu Jiana (Male)	Vice President	45	○	○	○	○					
Cheng Dongfang (Male)	Vice President	45	○	○	○	○					
Lv Rongdian (Male)	Vice President	46	○	○	○	○					
Wei Zhuo (Female)	CFO	44	○	○	○	○					

The diversity and professionalism of the Board of Directors and senior management team are important safeguards for corporate decision-making. We highly value the continuous improvement of the professional competence of directors, supervisors, and senior management personnel. Every year, we regularly organize various training sessions related to duties and sustainable development for directors, supervisors, and senior management personnel. In 2023, we organized a total of three training sessions for directors, supervisors, and senior management personnel, with a total of 15 participants.

Organized training sessions for directors, supervisors, and senior management personnel with a total of

3

With a total of

15 participants

Compensation of Director and Senior Management

Our Board of Directors has established a Remuneration and Appraisal Committee, which operates in accordance with the "Working Rules of the Board of Directors' Remuneration and Appraisal Committee". It is responsible for providing recommendations on director compensation, formulating compensation and performance assessment plans for senior management personnel, and conducting salary assessments for senior management personnel. Directors and senior management personnel employed by the company receive their compensation on an annual salary basis, determined according to their specific roles. Their annual salary comprises both a basic salary and a performance-based component, which is tied to the company's financial performance and individual performance assessments. They are also entitled to benefits stipulated by the company. Directors no longer receive additional director remuneration for their roles in the company. Compensation or allowances for independent directors of the company are determined by the shareholders' general meeting, while the compensation for senior management personnel is proposed by the Remuneration and Appraisal Committee and implemented after approval by the board of directors.

Clawback Mechanism

For the compensation of the directors and senior management personnel holding specific positions within the company, we reserve a certain proportion of annual performance-based compensation as risk reserve, which is paid out at a deferred schedule. In the event of losses incurred due to improper management or other personal reasons, or violations of laws and regulations, the corresponding compensation amount will be deducted from the risk reserve, aiming to prevent short-term behavior in management and salary risks. Additionally, we have formulated "Regulations on the Management of Rewards and Punishments," linking sustainable performance in human capital, safety management, integrity in operation, clean construction, information security, etc., with the compensation performance of management and relevant responsible personnel.

The Shareholding of Directors and Senior Management

We implement a Restricted Stock Incentive Plan, granting restricted stocks to directors and senior executives to establish a medium- to long-term incentive constraint mechanism. As of December 31, 2023, directors and senior management personnel collectively held 8,003,006 shares of company stock, accounting for 0.27% of the total share capital.

Table of Shares Held by Directors and Senior Management

Number	Name	Occupation	No. of Shares Held (shares)
1	Zheng Yong da	Chairman	913,840
2	Huang Wenzhou	Vice Chairman	225,621
3	Ye Yanliu	Director	649,760
4	Zhou Shaorong	Director	13,518
5	Lin Mao	Director & CEO	907,080
6	Chen Dongxu	Director & Vice President	813,840
7	Wang Zhibin	Vice President	901,347
8	Jiang Guizhi	Vice President & Board Secretary	910,000
9	Xu Jiana	Vice President	750,000
10	Cheng Dongfang	Vice President	759,200
11	Lv rongdian	Vice President	758,800
12	Wei Zhuo	CFO	400,000

Related Party Transaction

To ensure that our related party transactions adhere to the principles of fairness, impartiality, and transparency, we strictly comply with relevant laws and regulations. In line with our operational practices, we have established the "Related Party Transaction Management System," which provides clear regulations on the review and disclosure procedures, pricing principles, and other aspects related to related party transactions. We strictly implement a mechanism for related party avoidance. During the deliberation of related party transactions, related directors and shareholders must abstain from voting. Independent directors express independent opinions on related party transactions requiring disclosure, and they provide pre-approval opinions for related party transactions requiring shareholder approval before board deliberation, fully exercising their supervisory role. Additionally, our "Financial Management Regulations" and "Capital Management Regulations" also stipulate related matters concerning the management of funds involving related parties. In 2023, all related party transactions were conducted in accordance with relevant laws, regulations, and internal management systems.

Conflict of Interest

In accordance with the Articles of Association, directors and senior management personnel are obligated to act in good faith towards the company. Without the consent of the shareholders' meeting, they are not allowed to exploit their positions to pursue business opportunities that rightfully belong to the company for themselves or others, engage in self-employment or operate businesses similar to those of the company, in order to ensure fairness and transparency in decision-making. We require directors and senior management personnel to promptly report any significant positions held in other entities to us to avoid potential conflict with the interests of the company.

Protection of Minority Shareholders' Rights and Interests

We strictly adhere to the requirements of relevant laws and regulations such as the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, and the Code of Corporate Governance for Listed Companies, establishing a sound "three-tiered" corporate governance structure. We continuously improve the governance system based on the Articles of Association, consisting of internal governance documents such as the Rules of Shareholders Meetings, and other regulations, Rules of Procedure for Board Meetings, and Rules of Procedure for Board of Supervisors Meetings, clarifying the responsibilities of the power, decision-making, supervisory, and management bodies to ensure coordinated and standardized operations and promote the high-quality development of the company. The Board of Supervisors consists of three supervisors, including one employee supervisor. The Board of Supervisors strictly follows relevant regulations and internal rules such as the Articles of Association and the Rules of Procedure for Board of Supervisors Meetings, conscientiously fulfilling its supervisory duties. It supervises the legality and compliance of directors and senior management personnel in performing their duties and the company's financial condition, and provides opinions on related significant matters. We strictly follow relevant regulations and internal rules such as the Articles of Association and Rules of Shareholders Meetings, standardizing the convocation, holding, and voting procedures of shareholders' meetings, and safeguarding the rights of all shareholders, especially minority shareholders.

In 2023, we convened a total of 6 shareholders' meetings, deliberating on 62 agenda items; held a total of 41 board meetings, discussing 110 agenda items, with independent directors expressing independent opinions on significant matters 13 times; convened a total of 85 specialized committee meetings, discussing 461 agenda items; held and a total of 9 Board of Supervisors meetings, discussing 36 agenda items. The attendance rate of all directors and supervisors was 100%.



Information Disclosure Management

We strictly adhere to the requirements of relevant regulations such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and have formulated a series of regulatory documents including the "Information Disclosure Management System," "Debt Financing Instrument Information Disclosure Management System for the Interbank Bond Market," "Insider Information Holder Registration Management System," "External Information User Management System," and "Significant Information Internal Reporting System." These documents clarify the scope, time limits, procedures, and channels for information disclosure, standardizing the information disclosure process. Additionally, we actively carry out the registration of insiders and internal reporting of significant information to ensure that information disclosure is conducted truthfully, accurately, timely, and completely, thereby fully safeguarding the right to information of all investors.

Investor Relations Management

We have established the "Investor Relations Management System" and established an investor relations management mechanism. The Chairman of the Board of Directors serves as the primary person responsible for investor relations management, while the Securities Department, under the leadership of the Board Secretary, is responsible for organizing and implementing investor relations management work. We have established diversified channels of communication with investors, including the Investor Relations section on the official website, investor hotline, investor email, Shanghai Stock Exchange Interactive Platform, shareholder meetings and performance briefings, investor visits and surveys, etc., to maintain effective and positive communication with investors. In 2023, we were honored with the Fourteenth "China Listed Company Investor Relations Tianma Award" and the "2022 Outstanding Digital Transformation Case Gold Award."



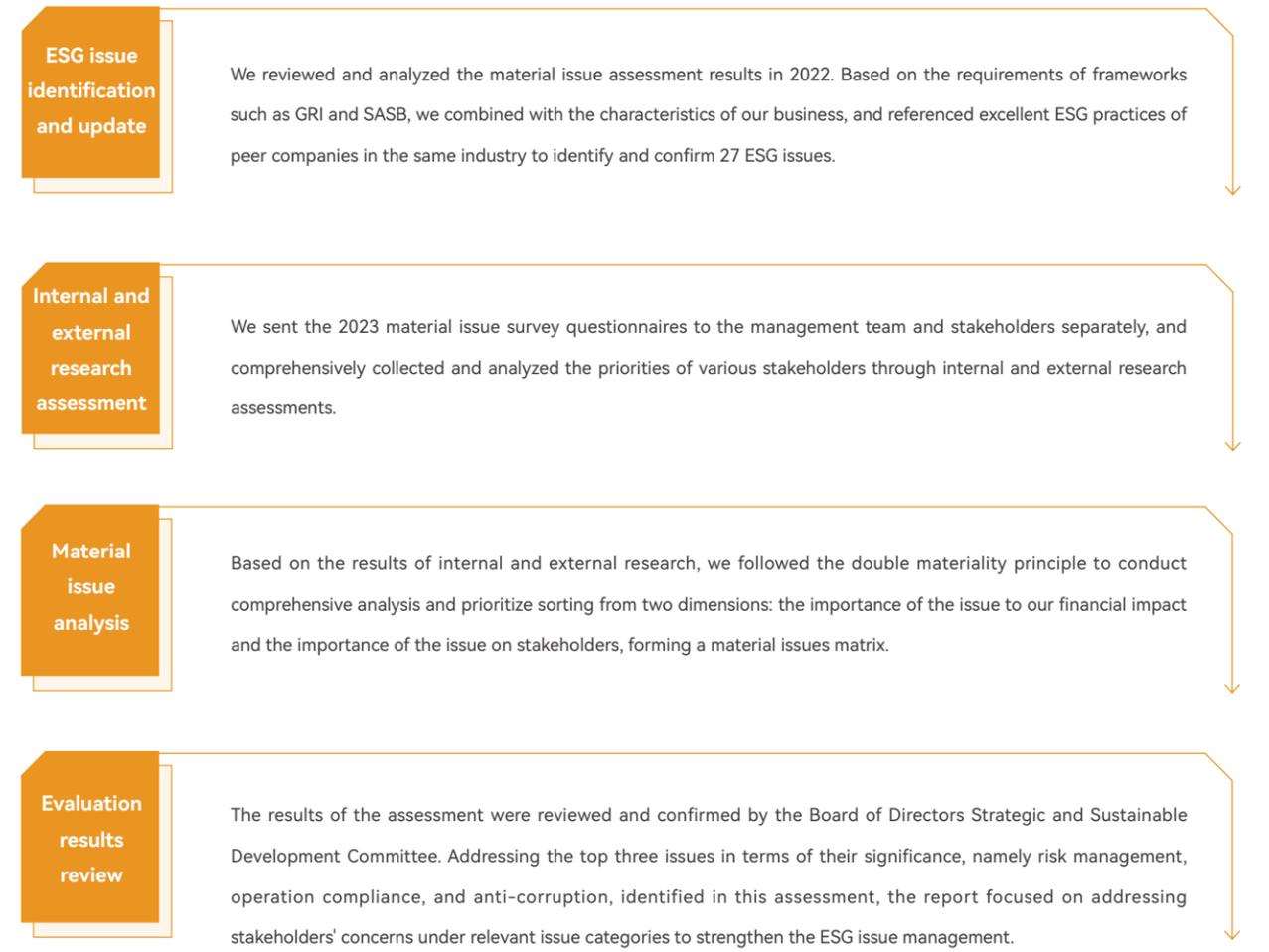
Stakeholders Communication

We place high importance on the demands and expectations of stakeholders, and maintain communication with them through diverse channels. By engaging in regular dialogue with stakeholders, we stay informed about their feedback and expectations, integrating them into corporate governance practices. This approach facilitates the continuous enhancement of ESG management capabilities and performance across various ESG issues.

Stakeholders	Concerning Topics	Communication Methods
Employees 	<ul style="list-style-type: none"> Environment Compliance Human Rights Protection Equal Employment 	<ul style="list-style-type: none"> Employee Feedback Solicitation Employee Training and Activities Company WeChat Public Account
Clients 	<ul style="list-style-type: none"> Responsible Supply Chain Tax Compliance Customer Rights Protection 	<ul style="list-style-type: none"> Customer Satisfaction Surveys Customer Service and Complaint Handling Social Media and Company Publications
Suppliers 	<ul style="list-style-type: none"> Responsible Supply Chain Whistleblower Protection Anti-corruption 	<ul style="list-style-type: none"> Supplier Conferences Conferences Visits and Research Discussions and Training
Investors 	<ul style="list-style-type: none"> Risk Management Anti-corruption Customer Rights Protection 	<ul style="list-style-type: none"> Public Company Information Disclosure Shareholders' Meetings Performance Briefings Investor Surveys Investor Hotline/Interactive Easy Platform
Banks 	<ul style="list-style-type: none"> Operations Compliance Risk Management Information Security 	<ul style="list-style-type: none"> Public Company Information Disclosure Project Cooperation
Media Institutions 	<ul style="list-style-type: none"> Customer Rights Protection Risk Management Anti-corruption 	<ul style="list-style-type: none"> Social Welfare Activities Public Company Information Disclosure Social Media and Media Communications Public Opinion Monitoring
Government and Regulatory Bodies 	<ul style="list-style-type: none"> Community Investment Environment Compliance Anti-corruption 	<ul style="list-style-type: none"> Visits Participation in Policy Making Suggestions Government Project Cooperation
Non-governmental Organizations 	<ul style="list-style-type: none"> Community Investment Environment Compliance Human Rights Protection 	<ul style="list-style-type: none"> Visits Community Service Welfare Activities

Material Issue Assessment

In 2023, we invited both our management team and stakeholders to participate in material issue assessments. This process aimed to identify material sustainability issues for us. Following the principle of double materiality, we established a sustainability issue matrix, which will be elaborated upon in this report.





Environment Issues

- | | |
|--|--------------------------|
| 1 Environment Compliance | 5 Exhaust Air Management |
| 2 GHG Emission | 6 Waste Management |
| 3 Energy Management | 7 Biodiversity |
| 4 Water Protection and Wastewater Management | 8 Resource Recycling |



Society Issues

- | | |
|-----------------------------------|-------------------------------|
| 9 Equal Employment | 14 Employee Communication |
| 10 Human Rights Protection | 15 Community Investment |
| 11 Occupational Health and Safety | 16 Responsible Supply Chain |
| 12 Training and Education | 17 Customer Rights Protection |
| 13 Compensation and Welfare | 18 Responsible Marketing |



Governance Issues

- | | |
|--|--|
| 19 Operations Compliance | 24 Intellectual Property Rights Protection |
| 20 Risk Management | 25 Information Security |
| 21 Anti-corruption | 26 Tax Compliance |
| 22 Anti-unfair Competition | 27 Whistleblower Protection |
| 23 Research and Development Innovation | |



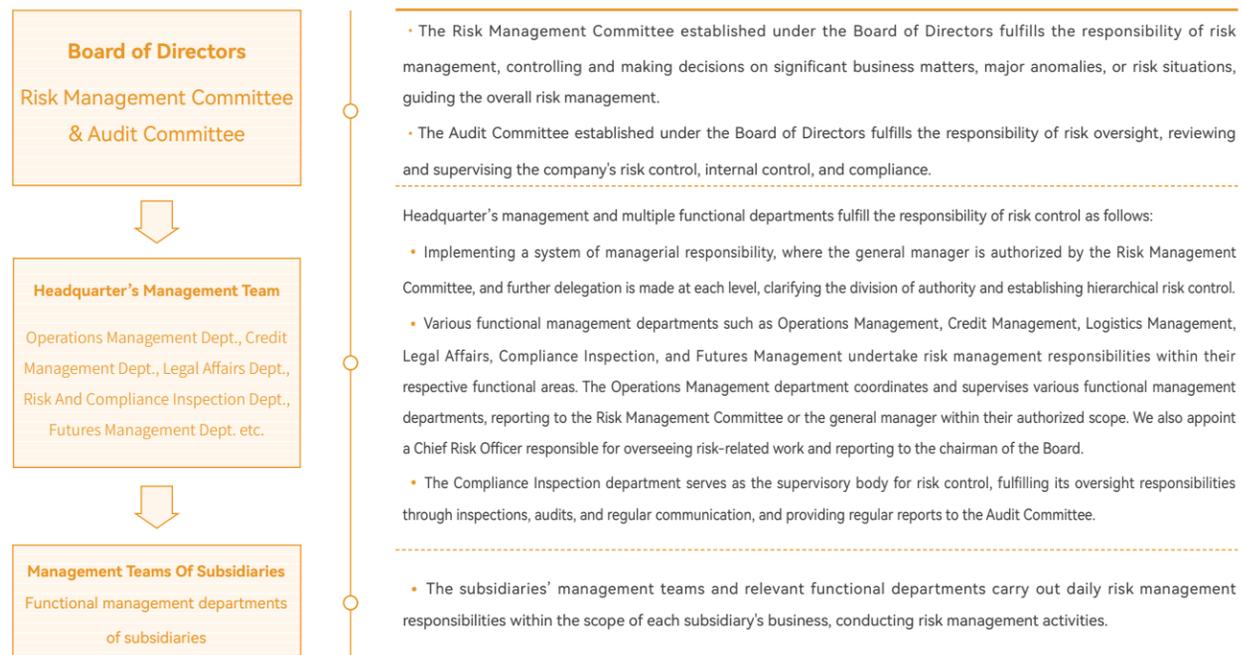
Risk and Compliance Management

We have elevated risk management to the strategic level by adopting a "professionalized" operational strategy. We have established corresponding business management frameworks tailored to different industries, integrating risk management deeply into business, market, and industry dynamics. This integration ensured that risk management was incorporated throughout all stages of operations, from conceptualization to execution and monitoring. We continuously refined the risk management system, covering all business processes and the entire lifecycle, to construct a "professionalized, hierarchical, and process-oriented" risk management framework, thereby ensuring our stable operation.

Risk Management Structure

We have established a three-tier risk management framework consisting of the Board of Directors, the headquarters management, and functional departments, as well as subsidiary management and related functional departments. We have formulated and continuously refined internal business management systems such as the "Internal Control Management Manual," "Supply Chain Operations Management Regulations," "Logistics Management Regulations," and "Credit Management Regulations." Additionally, we have developed a comprehensive risk control matrix to standardize the management processes of key operational and business segments. We continuously strengthen and optimize process controls and key risk point controls to enhance the prevention of various risks during operations, ensuring stable operation.

Three-tier Risk Management Structure



Taking the two categories of credit risk and project management risk that we have already identified as examples:

Business Segments	Risks Types	Description of Risks	Category	Coping Mechanism
Supply Chain Operations	Credit Risk	Losses incurred due to the counterparty (supplier or customer) failing to fulfill contractual obligations (such as delivery, receipt, payment, etc.) on time.	Mid-Level Risk	We establish a trading counterpart admission system that matches the characteristics of goods and transaction features of each business sector, conducting comprehensive evaluations of customer qualifications and credit risks. We have developed comprehensive credit management methods, strictly implementing centralized credit approval managed by the headquarters. We dynamically adjust customer credit strategies and control plans by tracking industry changes and customer information through internal and external channels. Additionally, we utilize various measures such as export credit insurance and domestic credit insurance to strictly control credit risks.
Real Estate	Management Risk	The development of real estate projects is characterized by large upfront investment, long development cycles, involvement of multiple partners, among other industry-specific features. Real estate companies face significant management pressure in areas such as project development cycles, project sales progress, and engineering quality.	Low Level Risk	We will further enhance the management capabilities of our operational team in project operation, continuously refining internal controls. Starting from investment decisions, cost control, process monitoring, and responsibility assessment, we will strengthen financial management and engineering control to improve the quality of project management in our subsidiaries and reduce operational risks. While ensuring project quality, we will optimize the development and operation processes, shorten the development and operation cycles, strengthen cash flow management, improve operational efficiency, and ensure safe and steady growth.

In the risk control process, we continuously adjust key risk indicators quarterly based on market conditions and actual operational situations. We promptly take measures and report potential or likely risk or dispute events discovered during business operations in accordance with regulations. Additionally, we incorporate various risk control processes into its enterprise management system, clarify the responsibilities of each department and approval decision authority, standardize hierarchical reporting, and strengthen post-process tracking by departments to ensure the effective execution of risk control processes, monitor, and prevent potential risks. By implementing regulations such as the "Regulations on the Management of Rewards and Punishments" and the "Measures on the Management of Risk Funds," we link key risk indicators to management personnel's compensation, thereby enforcing risk management responsibilities. In 2023, we revised the "Composition, Duties, and Approval Control Measures of the Risk Management Committee," optimized the authorization items for the Risk Management Committee's approval, and improved weak links in risk management. Furthermore, leveraging data mining, machine learning, and other big data technologies, we continuously optimize the "Intelligent Risk Control System Model," represented by the E-risk control series products, to provide technical support for the company's risk management and operational decision-making.



Risk and Compliance Inspection

The Audit Committee established under the Board of Directors is responsible for reviewing and supervising risk management and internal control compliance. The Risk and Compliance Inspection Department is responsible for conducting risk and compliance inspections, internal control audits, and evaluations on various functional management departments and operating units. It strengthens the supervision of risk and compliance, promptly identifies issues and deficiencies in risk control, internal control system processes, and execution, and provides relevant improvement suggestions, urging implementation. Continuously enhancing the level of risk management and control to effectively prevent risks. We regularly entrust external professional institutions to audit the execution and effectiveness of internal control processes at the company level, including development strategies, social responsibilities, supply chain operations, real estate development and operations, engineering projects, fund activities, asset management, and other important business aspects.

In the supply chain operations business

In 2023, the Risk and Compliance Inspection Department conducted comprehensive monitoring of 378 risk control projects, inspected the business execution of joint ventures and holding companies; organized various functional departments and operating units to conduct self-assessment of internal controls, streamlined business management processes, and revised 6 business management processes and corresponding internal control measures.

In the real estate business

C&D Real Estate conducted special audits on the management of engineering, design, marketing, and other business lines, based on the actual operational management of its various clusters. This aimed to strengthen frontline internal audits and the prevention and control of operational risks. Focusing on key risk control issues such as sales management, marketing expense management, and marketing tender management, random inspections were conducted quarterly on typical projects to ensure coverage of all business units throughout the year. Each cluster under C&D Real Estate conducted internal inspections of key projects in its subordinate business units quarterly. External third-party agencies were commissioned to conduct sales risk assessments. Special compliance marketing audits were conducted for unsold inventory of completed properties within specific timeframes.

Lianfa Group focuses on key control points in risk areas such as engineering bidding, project management, marketing business, asset leasing, investment, and fund management. It strengthens daily risk supervision and investigation, audits, and oversight, promptly follows up on identified issues, implements corrective actions, and enhances risk prevention and control.

Education on Risk Control

We actively promote various types of risk management and compliance training, disseminating risk and compliance knowledge to employees through various forms, advocating for business management and risk control policy requirements, enhancing employees' awareness of compliance operation and risk prevention, and strengthening their risk management capabilities. Additionally, we encourage employees to promptly report potential risks, establish corresponding preventive or responsive measures, and provide certain rewards to employees who timely prevent events harmful to our interests in accordance with internal regulations. In 2023, our supply chain operations business organized a total of 92 risk management and compliance training sessions, with a cumulative total of 6,283 participants attending the training.

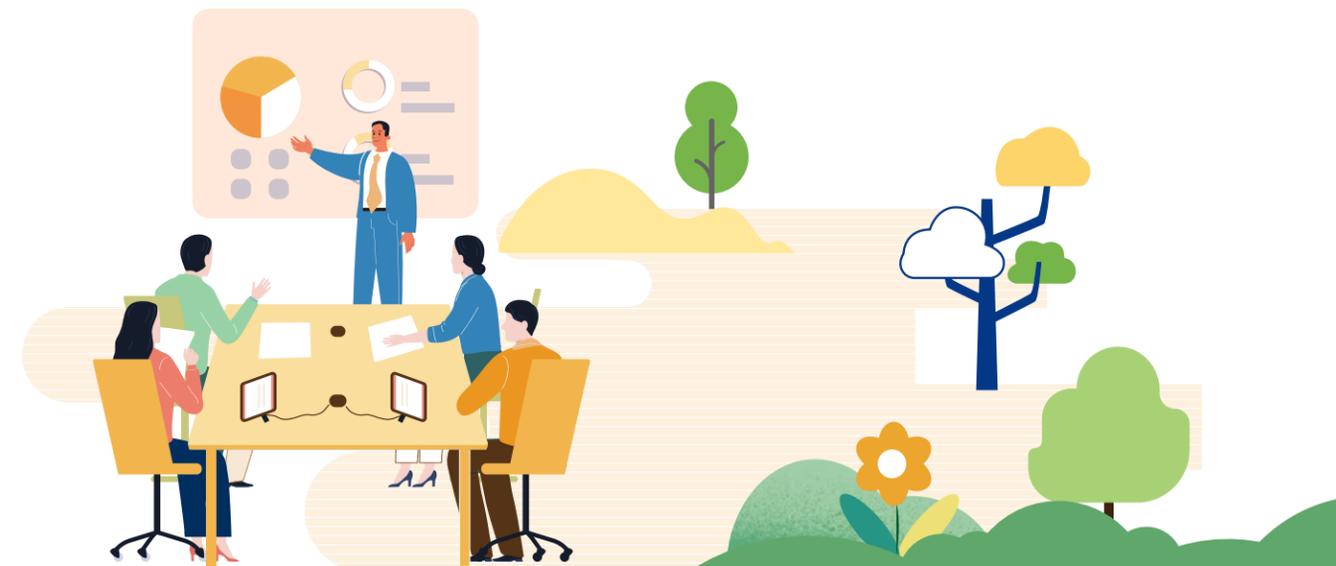
Organized risk management and compliance training sessions with a total of

92 sessions

With a cumulative total of

6,283 participants

- Conducted a series of training sessions on risk prevention for supply chain operations
- Provided personalized training for 12 secondary operations management personnel
- Organized 5 secondary operations management exchange meetings
- Arranged training on international business operations management
- Hosted a business risk control audit salon



Prevent Commercial Bribery and Unfair Competition

We adhere to the corporate spirit of "Solidarity, Devotedness, Integrity, Enterprisingness," strictly comply with relevant domestic laws and regulations in the countries or regions where we operate, support and respect the requirements of relevant international conventions and norms, and conduct business with high ethical standards to maintain a free and fair market environment. We have established and continuously improved the "Business Code of Conduct," providing clear behavioral standards and guidance for us and our subsidiaries worldwide in areas such as business ethics and compliance, conflict of interest, anti-monopoly and anti-unfair competition, insider trading prohibition, anti-money laundering, compliance with international trade rules, protection of property rights and interests, complaint mechanisms and protection of complainants, and lawful tax payment, establishing a trustworthy corporate image.

Anti-Corruption and Anti-Commercial Bribery

We attach great importance to the construction of corporate integrity and actively prevent corruption. By formulating the "Anti-Corruption and Anti-Bribery Policy," we clearly define various corrupt and bribery behaviors prohibited and take effective measures to prevent corruption risks. We have established internal management systems such as the "Employee Honest Operation Management Regulations (Trial)" to regulate the integrity behavior of employees, ensuring a high degree of consistency between employees' knowledge, speech, and actions, and creating a trustworthy and fair business environment. Additionally, we integrate integrity requirements into daily employee management through internal management systems such as the "Human Resources Management Regulations," "Regulations on the Management of Rewards and Punishments," and "Supply Chain Operations Management Regulations." We impose corresponding penalties on employees who violate business ethics and explicitly define integrity-related assessment requirements in the annual performance appraisal for management.

Business Ethics Risk Control

We implement integrity policies such as the "Anti-Corruption and Anti-Bribery Policy," "Employee Integrity and Self-Discipline Regulations" and the "1+X Special Inspection and Linkage Work System" to identify integrity risks in critical business areas and key positions and incorporate them into internal controls. Continuous efforts are made to strengthen supervision and inspection mechanisms to promote the integrity and high-quality development. To enhance integrity risk control, we have established an Integrity and Compliance Inspection Group responsible for monitoring the adherence to integrity and compliance principles. Led by the Risk Control Director, the Integrity and Compliance Inspection Group comprises department heads from departments such as Risk Control Inspection, Operations Management, Credit Management, and Legal Affairs. Additionally, a Business Compliance Management Group has been formed to review various business compliance matters and strengthen integrity and business compliance risk management. Both the Integrity and Compliance Inspection Group and the Business Compliance Management Group regularly report the status of integrity risk control to the management, who oversee and guide the integrity risk control objectives.

Supplier Business Ethics Management

Our "Supplier Code of Conduct" sets forth clear anti-corruption and anti-bribery requirements for suppliers, strictly prohibiting any form of corruption, extortion, or bribery. It requires suppliers to conduct their business activities in a legal, compliant, and ethical manner. To address integrity risks associated with potential business partners such as suppliers, we conduct due diligence through qualification verification, on-site inspections, background checks, and risk assessments. This is aimed at examining and preventing supplier integrity risks. Prior to entering into cooperation with suppliers, relevant compliance departments are involved in the contract approval process to review supplier qualifications and integrity risks. Suppliers are required to sign integrity agreements or pledges of compliance, explicitly informing them of the principles of integrity and compliance, as well as the consequences of violating these principles, to constrain their behavior and prevent integrity risks. Throughout the business cooperation process, we continuously monitor and track the business activities of suppliers and any external negative information, such as litigation involvement or dishonesty. In the event of corruption or bribery by a supplier, we will terminate business cooperation, seek compensation, or take other appropriate measures to hold the supplier accountable for their actions.

Integrity Supervision and Inspection

Our disciplinary inspection commission (hereinafter referred to as the "Commission") continuously strengthens routine supervision and inspection, conducts special inspections, and conducts supervision and inspection around key areas and important time points. It promptly identifies problems and deficiencies, rigorously urges rectification and implementation to prevent integrity risks, to ensure the effective implementation of integrity systems, and to ensure that integrity building is effectively implemented. For violations related to business operations, audits and investigations are conducted by the Integrity and Compliance Inspection Group and the Business Compliance Management Group. According to internal regulations such as the "Interim Measures for Holding Accountable for Violations of Business Conduct" and the "Employee Honest Operation Management Regulations," and the "Employee Integrity and Self-Discipline Regulations," relevant business units and personnel involved in corrupt practices are punished.

2023 Integrity Special Inspection:

-  Organized units to conduct self-examination and self-correction in a timely manner around issues such as receiving gifts, unauthorized banquets, and dereliction of duty, and conducted spot checks on key units.
-  Issued discipline requirements and notification documents before important holidays, and organized units to conduct self-discipline and self-examination work on integrity after the holidays.
-  Conducted special supervision on the use of leased assets management to effectively improve the compliance of asset management.

Business Ethics Training and Education

We place great importance on building a culture of integrity, leveraging the synergy of Enterprise WeChat, the intranet, and E-learning platforms to create an integrity culture brand. In 2023, we conducted various forms of regular integrity education and training activities, covering 100% of employees, aiming to enhance the integrity awareness of all staff members.

- Organized activities such as the Integrity Film Week, Carnival, and solicitation of integrity-themed works during the Integrity Education Month. These activities presented the spirit of integrity in interactive formats, aiming to educate through entertainment and promote integrity through interaction. The cumulative participation exceeded 9,000 people, with over 100 pieces of integrity-themed works collected.
- Leveraged the "Clean C&D" as the main platform for integrity propaganda, utilizing popular formats such as comics and videos for regular propaganda. This approach closely aligned with the psychological characteristics of employees, enriching the strategies for integrity education.
- Conducted integrity-themed lectures for over 2,000 young cadres, key business personnel, and young employees. This included recording integrity-themed training videos, conducting integrity education for employees who joined us in the past two years through the E-learning platform, and conducting exams to evaluate their understanding; provided specialized integrity training for young business backbones to help them clearly understand the bottom line and principles of integrity for state-owned enterprise business backbones; Conducted integrity education lectures for all employees of subsidiaries such as Xiamen C&D Financial Leasing Co., Ltd., strengthening their awareness of integrity and self-discipline.
- C&D Real Estate released WeChat promotional articles titled "Integrity Book Recommendation - Nourishing the Heart with Clean Spirit" and organized an integrity book recommendation activity. Using assessments as a learning tool, we utilized platforms such as zhangjianshi, Executive System, and Lexiangla.com to organize nearly 3,000 party members and cadres for the online activity "Walking with Clean Spirit - C&D Real Estate Integrity and Self-discipline Knowledge Quiz," fostering a positive atmosphere for clean governance and entrepreneurship.
- Under the theme "Clear and United Hearts," Lianfa Group conducted the Integrity Culture Promotion and Education Month: 18 special sessions on integrity education were held; 1,964 individuals attended screenings of educational documentaries; 39 integrity-themed party classes were conducted through forms like party lectures and online learning via Party Building E-Home; integrity knowledge tests were administered to all staff, with a pass rate of 100%; and a themed collection activity titled "Show Family Rules, Tell Family Stories" was organized.



we conducted various forms of regular integrity education and training activities, covering

100% employees

Anti-Monopoly and Anti-Unfair Competition

We have consistently advocated for freedom and fair competition, strictly adhering to national and regional regulations concerning anti-monopoly and anti-unfair competition laws in areas of business development, committed to upholding integrity, fairness, and freedom in market order and commercial environments. Through the "Business Code of Conduct," we set forth regulatory requirements regarding anti-unfair competition and anti-monopoly practices for us and our subsidiaries. It strictly prohibits the use of illegal or unethical means to obtain information about competitors or partners and prohibits the creation and dissemination of false information about competitors. The Integrity and Law Enforcement Supervision Working Group is responsible for supervising and reviewing compliance with the "Business Code of Conduct," ensuring that business activities are conducted in a legal and compliant manner, and making every effort to prevent and avoid risks related to unfair competition and monopolies.

In 2023, the company was not involved in any cases related to unfair competition or monopolies.

Complaint Mechanism and Whistleblower Protection System

We strictly adhere to relevant regulations such as the "Rules for Handling Complaints and Accusations by Disciplinary Inspection and Supervision Departments" and internal policy requirements such as the "Business Code of Conduct" and "Anti-Corruption and Anti-Bribery Policy", establishing a sound complaint and reporting mechanism. We provide employees, suppliers, customers, and other stakeholders with convenient internal and external channels for lodging complaints and reports, encouraging them to promptly and actively provide feedback, complaints, and reports to us when they discover any behavior that may violate business conduct norms, policies, or laws, jointly creating a trustworthy and transparent business environment.

Stakeholders can lodge complaints or reports anonymously or report with their identity disclosed through the following public channels:



Complaint and reporting email: compliance@chinacond.com

We attach great importance to whistleblower protection. In internal policy documents such as the "Business Code of Conduct" and "Anti-Corruption and Anti-Bribery Policy", we clearly states our attitude towards and measures taken to protect whistleblowers' legitimate rights and interests: allowing anonymous or named reports, strictly implementing confidentiality mechanisms to prohibit the disclosure of whistleblowers' information and report contents; prohibiting any retaliation or reprisal against whistleblowers. Anyone found leaking information or engaging in retaliatory actions against whistleblowers will be dealt with seriously according to relevant regulations and held accountable.

Intellectual Property Rights Protection

We strictly adhere to relevant laws and regulations such as the "Patent Law of the People's Republic of China" and the "Trademark Law of the People's Republic of China," continuously improve our intellectual property rights management system, and strengthen our intellectual property rights protection efforts. Our intellectual property rights include trademarks, patents, copyrights, and trade secrets, which are managed and protected by relevant departments. We have formulated the "Trademark and Naming Management Measures" to standardize trademark management practices and utilize trademark strategies effectively to enhance brand benefits. In 2023, we obtained 4 new authorized patents, registered 19 new software copyrights, and secured 90 new trademark registrations.

4 new authorized patents **19** new software copyrights

90 new trademark registrations

Tax Compliance Management

We strictly adhere to the national tax laws such as the "Enterprise Income Tax Law of the People's Republic of China" and all relevant tax regulations applicable in various business regions, fulfilling our tax obligations in accordance with the law to ensure tax compliance and transparency. Tax-related matters are specified in the "Financial Management Regulations," and personnel from relevant departments are responsible for daily tax-related work, including regular tax declaration. We continuously monitor changes in tax-related regulations and policies in various regions and adjust our tax-related processing accordingly. Adhering to the principles of lawful and honest taxation, we contribute back to society through tax payment and are recognized as one of the top 100 taxpayers in Fujian Province for multiple consecutive years. In 2023, our total tax payment amounted to 1,674,762 Ten-thousand RMB, and no tax-related violations occurred.

Tax Risk Management

We incorporate tax risk management into our overall risk control process and establish a full-chain mechanism of "pre-risk reduction, mid-response emphasis, and post-promotion improvement" to effectively manage tax risks. Through proactive dissemination of tax policies and regulations, we enhance the sensitivity of all levels of the organization and related personnel to tax risks, identify potential tax risks in business operations and regulatory policies, and implement corresponding control measures. Additionally, we strengthen risk inspections of various platform companies, conduct timely analysis and summarization of inspection results, implement corrective actions, and share experiences comprehensively. To ensure the effectiveness of tax management in subsidiaries, we establish a tax liaison mechanism to promptly disseminate various tax policies and requirements downward and report tax work and inspection situations upward. Furthermore, we implement a system for tax inspections of off-site platforms, with annual assignments of task forces to audit tax management practices of various platform companies and ensure corrective actions are taken. Additionally, we maintain regular communication and interaction with tax authorities, implementing a centralized commissioner management mechanism for communication and consultation on tax matters, thereby enhancing the efficiency of tax-enterprise communication.

Tax Compliance Training



We conduct regular internal and external tax compliance training to enhance the awareness of tax compliance among relevant tax personnel and improve their professional capabilities in taxation, ensuring tax compliance. In 2023, we organized internal training sessions with themes such as "Supply Chain Risk Prevention System Training - Tax Risk Prevention" and "Promotion the launch of Baiwang Digital Electronic Invoice System". Additionally, external institutions and experts were invited to conduct seminars on topics like "Construction of Enterprise Tax

Risk Compliance with Golden Tax Phase IV" and "Risk Alert for Chinese Enterprises' Outbound Investment", providing guidance and recommendations for tax risk management and tax-related work. These efforts aimed to enhance the awareness of risk prevention among relevant personnel and to continually improve our level of tax compliance management.

Data Overview

Environmental			
Indicators	Unit	2022	2023
Environmental investment			
Annual total environmental investment	Ten-thousand RMB	2,086	3,789
Emissions and Discharge			
GHG			
Scope 1 – Direct GHG emissions	tCO ₂ e	285,727	434,139
Scope 2 – Indirect GHG emissions		220,443	539,580
Scope 3: Other Indirect Emissions- Leased Assets for Household Business		/	335,525
Total GHG emissions (Scope 1+ Scope 2) ¹		506,170	973,719
Total GHG emissions intensity	tCO ₂ e/ hundred-million RMB of operating revenue	61	128
Air Pollutants			
NOx emissions	Ton	44	49
SOx emissions		4	8
PM emissions		2	2
Wastewater and Related Pollutants			
Total wastewater discharges ²	m ³	3,149,769	8,641,873
COD discharge	Ton	347	377
Ammonia Nitrogen discharge		3	2
Total Nitrogen discharge		/	49
Waste			
Hazardous waste generation	Ton	/	78
Transfer and disposal volume of hazardous waste		23	63
General waste transfer and disposal volume ³		101,949	337,378
Including: Industrial waste generation volume		/	130,772
Household waste generation volume		/	49,608
Construction waste generation volume		/	156,998
General waste recycling volume		30	113,500
Including: Industrial waste recycled volume		/	113,079

Note1: The increase in our GHG emissions in 2023 compared to 2022 is mainly due to the acquisition of Macalline during the reporting period. If the GHG emissions data from Macalline during the reporting period are excluded and the data for 2022 and 2023 are compared on the same basis, the total GHG emissions (Scope 1 + Scope 2) in 2023 decreased by 15,628 tCO₂e compared to 2022, a year-on-year decrease of 3.1%.

Note2: The increase in wastewater discharge in 2023 compared to 2022 is mainly due to the acquisition of Macalline and the higher production output of Yuantong Paper during the reporting period.

Note3: The increase in general waste transfer and disposal volume in 2023 compared to 2022 is mainly due to the acquisition of Macalline and the higher production output of Yuantong Paper during the reporting period.

Household waste recycled volume	Ton	/	0
Construction waste volume		/	421

Energy Consumption			
Electricity ⁴	kWh	259,624,703	947,373,073
Including: Green electricity	kWh	392,010	10,834,236
Green electricity ratio	%	0.10	1.16
Coal	Ton	137,412	166,254
Natural gas ⁵	m ³	105,488	39,117,790
Thermal ⁶	GJ	16,482	27,266
Steam	Ton	/	7,193
Liquefied petroleum gas	Litre	914,023	701,654
Diesel (mobile)		127,930	421,668
Diesel (stationary)		366,688	25,091
Liquefied petroleum gas	KG	1,323,280	6,560

Water Resources			
Water withdrawal	m ³	/	11,923,256
Water consumption	m ³	/	3,281,383
Water consumption density	m ³ / hundred-million RMB of operating revenue	/	430
Recirculating water usage	m ³	/	69,500
Recirculating water usage percentage	%	/	0.58

Packaging Materials			
Packaging materials	Ton	96	1,000
Including: Recyclable packaging materials		/	200
Non-recyclable packaging materials		/	800

Green Building			
Area of green building renovation	m ²	/	74,580
Basic level of green building	/	/	9
One-star green building		/	2
Two-star green building		/	1
Three-star green building		/	0

Note4: The increase in electricity consumption in 2023 compared to 2022 is mainly due to the acquisition of Macalline during the reporting period. If the electricity consumption data from Macalline during the reporting period are excluded and the data for 2022 and 2023 are compared on the same basis, the electricity consumption in 2023 decreased by 30,207,071 kilowatt-hours compared to 2022, a year-on-year decrease of 11.6%.

Note5: The increase in natural gas consumption in 2023 compared to 2022 is primarily attributed to the acquisition of Macalline and the commencement of production at Shandong Jianke Steel during the reporting period.

Note6: The increase in heat consumption in 2023 compared to 2022 is mainly due to the acquisition of Macalline during the reporting period. If the heat consumption data from Macalline during the reporting period are excluded and the data for 2022 and 2023 are compared on the same basis, the heat consumption in 2023 is 0, a year-on-year decrease of 100%.

Employment				
Indicators	Unit	2022	2023	
Total employees ⁷	Person	32,847	49,752	
Employee Composition				
Employee Composition by Gender				
Male	Person	20,411	30,837	
Female		12,436	18,915	
Employee Composition by Age				
Under 30	Person	/	14,928	
30-50		/	31,316	
Over 50		/	3,508	
Employee Composition by Education				
Masters and above	Person	1,715	2,177	
Bachelors		12,295	19,262	
College		9,604	13,575	
Other		9,233	14,738	
Employee Composition by Function				
Management	Person	1,262	1,596	
Technical		7,501	9,282	
Business		22,090	33,404	
Financial		1,078	3,082	
Administrative		916	2,388	
Female Management		/	395	
Female Technical		/	1,439	
Female Business		/	13,065	
Female Financial		/	2,239	
Female Administrative		/	1,777	
Management Team Composition				
Junior management		Person	/	3,535
Female junior management	/		1,094	
Proportion of female junior management	%	/	31	
Management (Mid-level and above)	Person	/	1,517	

Female management (Mid-level and above)	Person	/	349
Proportion of female management (Mid-level and above)	%	/	23
Include: Senior management	Person	/	8
Female senior management		/	2
Proportion of female senior management	%	/	25
Local senior management	Person	/	6
Proportion of local senior management	%	/	75

Management Composition by Nationality			
China	Person	/	5,050
Other regions	Person	/	2

Labor contracts			
Ratio of signed labor contracts	%	100	100

Freedom of Association and Collective Bargaining			
Number of employees covered by the collective agreement	Person	/	100

Employment of Disabled Individuals			
Number of disabled employees hired	Person	5	26
Percentage of disabled employees hired	%	0.01	0.05

Employee Training (Supply Chain Operations Business)			
Total annual investment in employee training	Ten-thousand RMB	970	3,008
Total employee training participants	Participant	/	209,641
Total training hours	Hour	6,354,357	2,138,972

Parental Leave			
Total paid parental leave requested by Employees	Day	/	4,787

Note 7: The increase in the total number of employees in 2023 compared to 2022 is mainly due to the acquisition of Macalline during the reporting period. If the employee data from Macalline during the reporting period are excluded and the data for 2022 and 2023 are compared on the same basis, the total number of employees in 2023 increased by 2,444 people compared to 2022, a year-on-year growth of 7.44%.

Marlet			
Indicators	Unit	2022	2023
R&D Investment in Science and Technology			
Total R&D investment amount in science and technology	Ten-thousand RMB	19,062	23,651
Intellectual Property Rights			
Number of newly registered patent	Item	181	4

Number of newly registered software copyrights	Item	/	19
Number of newly registered trademarks		/	90
Complaint Resolution			
Total number of complaints	Case	22,221	5,476
Total number of complaints resolved		22,220	5,476
Complaint resolution rate	%	99.99	100
Supplier Management			
Total number of suppliers	Unit	41,397	126,728
Mainland China		/	96,415
Other regions		/	30,313
Number of new suppliers admitted this year		/	12,357

Occupational Health & Safety			
Indicators	Unit	2022	2023
Work Safety Input			
Total annual investment in occupational health and work safety	Ten-thousand RMB	2,388	436
Safety Training			
Total participants in occupational safety training	Participant	69,356	373,368
Total participant time in occupational safety training	Hour	25,691	77,558
Ratio of attendees for safety training	%	58	100
Number of safety emergency drills	Time	1,531	16,704
Number of attendees for safety emergency drills	Participant	5,594	158,370
Number of safety offline training session	Time	961	31,321
Number of safety online training session	Course	65	159
Work Safety Accident			
Extraordinary major accident	Case	0	0
Major accident		0	0
Serious accident		0	0
General accident		0	0

Number of shutdowns	Time	0	0
Hours of shutdowns	Day	0	0
Occupational Health			
Occupational fatalities	Person	0	0

Social Contribution			
Indicators	Unit	2022	2023
Social Contribution			
Donations to external organizations	Ten-thousand RMB	3,612	2,633
Investment in supporting rural revitalization and regional coordinated development		/	96
Total trade volume among countries along the Belt and Road Initiative	Ten-thousand USD	/	1,696,078
Number of public welfare activities held	Time	121	348
Total volunteer service participants	Participant	13,092	16,204
Total volunteer service hours	Hour	5,013	9,984

Governance			
Indicators	Unit	2022	2023
Business Ethics			
Anti-corruption Advocacy and Training (Supply Chain Operations Business)			
Proportion of employees briefed on anti-corruption policies and procedures	%	/	100
Proportion of employees received anti-corruption training		/	100

GRI Standards Index

GRI Standards	Disclosures	Location	Omission
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About C&D Inc	
	2-2 Entities included in the organization's sustainability reporting	About This Report	
	2-3 Reporting period, frequency and contact point	About This Report	
	2-4 Restatements of information	Not Covered In This Report	This report does not involve restatements of information
	2-5 External assurance	About This Report Independent Limited Assurance Report	
	2-6 Activities, value chain and other business relationships	About C&D Inc. Message from the Chairman Innovation-Driven, Suppliers, and Customers	
	2-7 Employees	Human Rights Protection Data Overview	
	2-8 Workers who are not employees	Not Covered In This Report	The Company does not collect relevant data during this report period
	2-9 Governance structure and composition	Sustainable Development Governance Structure Appointment of Directors and Senior Management	
	2-10 Nomination and selection of the highest governance body	Appointment of Directors and Senior Management	
	2-11 Chair of the highest governance body	Appointment of Directors and Senior Management	
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance for Sustainable Development Material Issue Assessment Risk and Compliance Management	
	2-13 Delegation of responsibility for managing impacts	Sustainable Development Governance Structure Risk and Compliance Management	
	2-14 Role of the highest governance body in sustainability reporting	Sustainable Development Governance Structure Material Issue Assessment	
	2-15 Conflicts of interest	Conflict of Interest	
	2-16 Communication of critical concerns	Stakeholders Communication	
	2-17 Collective knowledge of the highest governance body	Appointment of Directors and Senior Management	
	2-18 Evaluation of the performance of the highest governance body	Not Covered In This Report	The Company does not collect relevant data during this report period
	2-19 Remuneration policies	Compensation of Director and Senior Management	
	2-20 Process to determine remuneration	Compensation of Director and Senior Management	
	2-21 Annual total compensation ratio	Not Covered In This Report	The Company does not collect relevant data during this report period

GRI Standards	Disclosures	Location	Omission
General Disclosures			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Message from the Chairman	
	2-23 Policy commitments	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy Rural Revitalization and Public Service Innovation-Driven, Suppliers, and Customers Human Rights Protection Occupational Health and Safety Prevent Commercial Bribery and Unfair Competition	
	2-24 Embedding policy commitments	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy Rural Revitalization and Public Service Innovation-Driven, Suppliers, and Customers Human Rights Protection Occupational Health and Safety Prevent Commercial Bribery and Unfair Competition	
	2-25 Processes to remediate negative impacts	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy Rural Revitalization and Public Service Innovation-Driven, Suppliers, and Customers Human Rights Protection Occupational Health and Safety Investor Relations Management Risk and Compliance Management Prevent Commercial Bribery and Unfair Competition	
	2-26 Mechanisms for seeking advice and raising concerns	Engage in Community and Preserve Cultural Heritage Innovation-Driven, Suppliers, and Customers Human Rights Protection Complaint Mechanism and Whistleblower Protection System Stakeholders Communication	
	2-27 Compliance with laws and regulations	Pollution Prevention and Ecosystem Protection Responsible Procurement Product Quality Management Information Security Protection Responsible Marketing Human Rights Protection Occupational Health and Safety Related Party Transaction Protection of Minority Shareholders' Rights and Interests Risk and Compliance Management Prevent Commercial Bribery and Unfair Competition	

GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-28 Membership associations	Support Industry Development	
	2-29 Approach to stakeholder engagement	Stakeholders Communication	
	2-30 Collective bargaining agreements	Human Rights Protection	
Material topics			
GRI 3: Material Topics 2021	3-1 Management of material topics	Stakeholders Communication Material Issue Assessment	
	3-2 List of material topics	Material Issue Assessment	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Development Governance Structure Risk and Compliance Management	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainable Development Impact	
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainable Development Risk Management	
	201-3 Defined benefit plan obligations and other retirement plans	Employee Development	
	201-4 Financial assistance received from government	Employee Development	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Development Rural Revitalization and Public Service	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not Covered In This Report	The Company does not collect relevant data during this report period
	202-2 Proportion of senior management hired from the local community	Data Overview	
Indirect economic impact			
GRI 3: Material Topics 2021	3-3 Management of material topics	Rural Revitalization and Public Service	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Rural Revitalization and Public Service	
	203-2 Significant indirect economic impacts	Rural Revitalization and Public Service	
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Procurement Promote Virtuous Deeds and Revitalize Rural Areas	

GRI Standards	Disclosures	Location	Omission
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not Covered In This Report	The Company does not collect relevant data during this report period
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Corruption and Anti-Commercial Bribery	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-Corruption and Anti-Commercial Bribery	
	205-2 Communication and training about anti-corruption policies and procedures	Anti-Corruption and Anti-Commercial Bribery Data Overview	
	205-3 Confirmed incidents of corruption and actions taken	Anti-Corruption and Anti-Commercial Bribery Data Overview	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Monopoly and Anti-Unfair Competition	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Monopoly and Anti-Unfair Competition Data Overview	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	Tax Compliance Management	
GRI 207: Tax 2019	207-1 Approach to tax	Tax Compliance Management	
	207-2 Tax governance, control, and risk management	Tax Compliance Management	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Compliance Management	
	207-4 Country-by-country reporting	Not Covered In This Report	The Company does not collect relevant data during this report period
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	GHG Emissions Reduction Schemes Implementation of Circular Economy Practices Data Overview	
	301-2 Recycled input materials used	GHG Emissions Reduction Schemes Implementation of Circular Economy Practices Data Overview	
	301-3 Reclaimed products and their packaging materials	GHG Emissions Reduction Schemes Implementation of Circular Economy Practices Data Overview	

GRI Standards	Disclosures	Location	Omission
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy	
GRI 302: Energy 2016	302-1 Energy consumption	Addressing Climate Change Data Overview	
	302-2 Energy consumption outside of the organization	Addressing Climate Change Data Overview	
	302-3 Energy consumption outside of the organization	Addressing Climate Change Data Overview	
	302-3 Energy intensity	Addressing Climate Change Data Overview	
	302-4 Reduction of energy consumption	GHG Emissions Reduction Schemes Resource Utilization and Circular Economy	
	302-5 Reductions in energy requirements of products and services	GHG Emissions Reduction Schemes	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Pollutants Emissions Control Water Resources Management	
GRI 303: Water and Effluents 2018	303-1 Management of water discharge-related impacts	Pollutants Emissions Control Water Resources Management	
	303-2 Management of water discharge-related impacts	Pollutants Emissions Control Water Resources Management	
	303-3 Water withdrawal	Data Overview	
	303-4 Water discharge	Data Overview	
	303-5 Water consumption	Data Overview	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity Conservation	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Covered In This Report	The company's business operation sites are neither within nor adjacent to protected areas and areas of high biodiversity value outside protected areas
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity Conservation	
	304-3 Habitats protected or restored	Not Covered In This Report	The company's business operation sites are not located within protected or restored habitats

GRI Standards	Disclosures	Location	Omission
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Covered In This Report	The company's business operations sites and surrounding regions do not involve affected habitats
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Climate Change Pollution Prevention and Ecosystem Protection Data Overview	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Emissions Management Data Overview	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions Management Data Overview	
	305-3 Other indirect (Scope 3) GHG emissions	GHG Emissions Management Data Overview	
	305-4 GHG emissions intensity	GHG Emissions Management Data Overview	
	305-5 Reduction of GHG emissions	GHG Emissions Reduction Schemes	
	305-6 Emissions of ozone-depleting substances (ODS)	Not Covered In This Report	Not involved in related emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Data Overview	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	Pollutants Emissions Control	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pollutants Emissions Control	
	306-2 Management of significant waste-related impacts	Pollutants Emissions Control Implementation of Circular Economy Practices Resource Recycling	
	306-3 Waste generated	Pollutants Emissions Control Data Overview	
	306-4 Waste diverted from disposal	Pollutants Emissions Control Implementation of Circular Economy Practices Resource Recycling Data Overview	
	306-5 Waste directed to disposal	Pollutants Emissions Control Data Overview	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Procurement	

GRI Standards	Disclosures	Location	Omission
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Procurement	
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Procurement	
Employee			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Rights Protection Data Overview	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Development	
	401-3 Parental leave	Employee Development Data Overview	
Labor management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not Covered In This Report	Not Applicable
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety	
	403-2 Hazard identification, risk assessment, and incident investigation	Safety Risk Prevention and Control Workplace Safety Inspection Emergency Safety Management	
	403-3 Occupational health services	Employee Benefits Occupational Health Management Safety Training Education	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	
	403-5 Worker training on occupational health and safety	Safety Training Education	
	403-6 Promotion of worker health	Employee Benefits Occupational Health Management Safety Training Education	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety Risk Prevention and Control Workplace Safety Inspection Emergency Safety Management Safety Training Education Occupational Health Management	

GRI Standards	Disclosures	Location	Omission
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	
	403-9 Work-related injuries	Occupational Health Management Data Overview	
	403-10 Work-related ill health	Occupational Health Management	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Development	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development Data Overview	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development	
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Rights Protection	
	405-2 Ratio of basic salary and remuneration of women to men	Not Covered In This Report	The Company does not collect relevant data during this report period
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Rights Protection	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Responsible Procurement	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Protection Responsible Procurement	
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Responsible Procurement	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights Protection Responsible Procurement	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Responsible Procurement	

GRI Standards	Disclosures	Location	Omission
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Protection Responsible Procurement	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not Covered In This Report	The Company does not collect relevant data during this report period
Right of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	Rural Revitalization and Public Service	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Engage in Community and Preserve Cultural Heritage	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Rural Revitalization and Public Service	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Rural Revitalization and Public Service	
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Covered In This Report	Not Applicable
Supplier social assessment			
GRI 3:Material Topics 2021	3-3 Management of material topics	Responsible Procurement Supply Chain Risk Management	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Procurement Data Overview	
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Procurement	
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Not Covered In This Report	Not Applicable
GRI 415: Public Policy 2016	415-1 Political contributions	Not Covered In This Report	Not Applicable
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Quality Management Customer Rights Protection	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality Management Customer Rights Protection	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality Management Customer Rights Protection	

GRI Standards	Disclosures	Location	Omission
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Marketing	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible Marketing	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing	
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Marketing	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Rights Protection Information Security Protection	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security Protection Data Overview	

ISDS Index

IFRS S1

Core Elements	Disclosure Recommendations	Disclosure Placement
Governance	a) The governance body(s) (which can include aboard, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	Sustainable Development Governance Structure Appointment of Directors and Senior Management Risk and Compliance Management
	b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities.	Sustainable Development Governance Structure Appointment of Directors and Senior Management Risk and Compliance Management
Strategy	a) The sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects within the time horizons—short, medium or long term.	Sustainable Development Risk Management
	b) The current and anticipated effects of sustainability-related risks and opportunities on the entity’s business model and value chain, and where in the entity’s business model and value chain sustainability-related risks and opportunities are concentrated.	Sustainable Development Risk Management
	c) How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making, and the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information, and trade-offs between sustainability-related risks and opportunities that the entity considered.	Sustainable Development Risk Management
	d) The quantitative and qualitative effects of sustainability-related risks and opportunities on the entity’s financial position, financial performance and cash flows for the reporting period, and the sustainability-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements, and how the entity expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities.	Not Applicable
	e) The resilience of the entity’s strategy and its business model to those sustainability-related risks.	Sustainable Development Risk Management

Core Elements	Disclosure Recommendations	Disclosure Placement
Risk Management	a) The processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability-related risks, including information about: the inputs and parameters the entity uses, whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks, whether and how the entity prioritizes sustainability-related risks, how the entity assesses the nature, likelihood and magnitude of the effects of those risks.	Sustainable Development Risk Management Risk and Compliance Management
	b) The processes the entity uses to identify, assess, prioritize and monitor sustainability-related opportunities, including: whether and how the entity uses scenario analysis to inform its identification of sustainability-related opportunities.	Sustainable Development Risk Management
	c) The extent to which, and how, the processes the entity uses to identify, assess, prioritize and monitor sustainability-related risks and opportunities are integrated into and inform the entity’s overall risk management process.	Sustainable Development Risk Management Risk and Compliance Management
Metrics and targets	a) Metrics required by an applicable IFRS Sustainability Disclosure Standard.	Environmental Social Governance
	b) Metrics the entity uses to measure and monitor sustainability-related risks or opportunities and its performance in relation to that sustainability-related risk or opportunity.	Environmental Social Governance
	c) Any targets the entity has set it is required to meet by law or regulation.	Environmental Social Governance

IFRS S2

Core Elements	Disclosure Recommendations	Disclosure Placement
Governance	a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Sustainable Development Governance Structure Appointment of Directors and Senior Management Risk and Compliance Management
	b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Sustainable Development Governance Structure Appointment of Directors and Senior Management Risk and Compliance Management
Strategy	a) The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects within time horizons—short, medium or long term, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.	Sustainable Development Risk Management
	b) The current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain, and where in the entity's business model and value chain climate-related risks and opportunities are concentrated.	Sustainable Development Risk Management
	c) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity sets targets, how the entity is resourcing and quantitative and qualitative information about the disclosed progress of plans.	Sustainable Development Risk Management
	d) The quantitative and qualitative effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements, and how the entity expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Not Applicable
	e) The entity's assessment of its climate resilience, including the entity's assessment for its strategy and business model, the significant areas of uncertainty considered in the entity's assessment of its climate resilience and the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term. The entity shall use climate-related scenario analysis to assess its climate resilience and disclose how and when the climate-related scenario analysis was carried out, including information about the inputs the entity used, the key assumptions the entity made in the analysis and the reporting period in which the climate-related scenario analysis was carried out.	Sustainable Development Risk Management

Core Elements	Disclosure Recommendations	Disclosure Placement
Risk Management	d) The processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about: the inputs and parameters the entity uses, whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks, whether and how the entity prioritizes climate-related risks, how the entity assesses the nature, likelihood and magnitude of the effects of those risks.	Sustainable Development Risk Management Risk and Compliance Management
	e) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	Sustainable Development Risk Management
	f) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Sustainable Development Risk Management Risk and Compliance Management
Metrics and targets	a) The cross-industry metric categories of greenhouse gas emissions, internal carbon prices, the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations, capital deployment towards climate-related risks and opportunities, the amount and percentage of assets or business activities vulnerable to climate-related risks and opportunities.	GHG Emissions Management GHG Emissions Reduction Schemes Sustainable Development Risk Management Sustainable Development Governance Structure
	b) Industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry.	GHG Emissions Management
	c) The quantitative and qualitative climate-related targets the entity has set or it is required to meet by law or regulation, progress towards reaching the target, information about its performance, and each greenhouse gas emissions target.	Environmental Social Governance

SASB Index

SASB Topics	Accounting Metrics	Location
Energy Management in Retail & Distribution	CG-MR-130a.1: (1)Total energy consumed (2)Percentage grid electricity (3)Percentage renewable energy	Data Overview
Data Security	CG-MR-230a.1: Discussion of management approach to identifying and addressing data security risks	Information Security Protection
	CG-MR-230a.2: (1)Number of data security breaches (2)Percentage involving customers' personally identifiable information (PII) (3)Number of customers affected	The Company does not collect relevant data during this report period
Fair Labor Practices	CG-MR-310a.1: (1)Average hourly wage (2)Percentage of in-store employees earning minimum wage, by region	Not Covered In This Report
	CG-MR-310a.2: Employee turnover rate for in-store employees (1)Voluntary (2)Involuntary	Not Covered In This Report
	Amount of legal and regulatory fines and settlements associated with labor law violations	Human Rights Protection
Workforce Diversity & Inclusion	CG-MR-330a.1: Percentage of gender and racial/ethnic group representation for (1)Management (2)All other employees	Human Rights Protection Data Overview
	CG-MR-330a.2: Amount of legal and regulatory fines and settlements associated with employment discrimination	Human Rights Protection
Product sourcing, Packaging, and Marketing	CG-MR-410a.1: Revenue from products third-party certified to environmental and/or social sustainability standards	The Company does not collect relevant data during this report period
	CG-MR-410a.2: Description of processes to assess and manage risks and/or hazards associated with chemicals in products	Pollution Prevention and Ecosystem Protection

SASB Topics	Accounting Metrics	Location
Product sourcing, Packaging, and Marketing	CG-MR-410a.3: Description of strategies to reduce the environmental impact of packaging	Emissions Reduction Schemes
	CG-MR-000.A: (1)Number of retail locations (2)Number of distribution centers	Not Applicable
	CG-MR-000.B: Total area of (m ²): (1)Retail space (2)Distribution centers	Not Applicable

Indicators Reference for ESG Reports of Listed Chinese Central State-Owned Enterprises

Environment

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.1 Resource Consumption	E.1.1 Water Resource	E.1.1.1 Fresh-water consumption	Data Overview
		E.1.1.2 Circulating water usage	Data Overview
		E.1.1.3 The proportion of circulating water usage	Data Overview
		E.1.1.4 Water resource consumption intensity	Data Overview
	E.1.2 Materials	E.1.2.1 Consumption of non-renewable materials	Data Overview
		E.1.2.2 Consumption of toxic and hazardous materials	Not Covered In This Report
		E.1.2.3 Material consumption intensity	Data Overview
	E.1.3 Energy	E.1.3.1 Fossil energy consumption	GHG Emissions ManagementData Overview
		E.1.3.2 Non-fossil energy consumption	GHG Emissions ManagementData Overview
		E.1.3.3 The proportion of non-fossil energy consumption	Data Overview
		E.1.3.4 The total energy consumption	GHG Emissions ManagementData Overview
		E.1.3.5 The energy consumption intensity	Data Overview
	E.1.4 Packaging materials	E.1.4.1 The amount of packaging materials used	Resource Recycling Data Overview
		E.1.4.2 Light-weighting and reduction of packaging materials	Resource Recycling
E.2 Pollution prevention and control	E.2.1 Wastewater	E.2.1.1 The compliance status of wastewater discharge	Pollutants Emissions Control
		E.2.1.2 Wastewater management and emission reduction measures	Pollutants Emissions Control

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.2 Pollution prevention and control	E.2.1 Wastewater	E.2.1.3 The compliance status of wastewater discharge	Data Overview
		E.2.1.4 Volume of pollutants discharged in wastewater	Data Overview
		E.2.1.5 Concentration of pollutants discharged in wastewater	Data Overview
	E.2.2 Exhaust Air	E.2.2.1 Compliance status of exhaust gas emissions	Pollutants Emissions Control
		E.2.2.2 Volume of air pollutants emitted	Data Overview
		E.2.2.3 Concentration of air pollutants emitted	Pollutants Emissions Control
	E.2.3 Solid waste	E.2.3.1 Compliance with legal regulations on solid waste disposal	Pollutants Emissions Control
		E.2.3.2 Management of general industrial solid waste	Pollutants Emissions Control
		E.2.3.3 Disposal volume of general industrial solid waste	Pollutants Emissions Control
		E.2.3.4 Management of hazardous waste	Pollutants Emissions Control
E.2.3.5 Volume of hazardous waste disposed		Data Overview	
E.3 Climate change	E.3.1 GHG emissions	E.3.1.1 Sources and types of GHG emissions	GHG Emissions Management
		E.3.1.2 GHG Emissions Management Management of greenhouse gas emissions	GHG Emissions Management
		E.3.1.3 Scope 1 emission	GHG Emissions Management Data Overview
		E.3.1.4 Scope 2 emission	GHG Emissions Management Data Overview
		E.3.1.5 Scope 3 emission	Data Overview
		E.3.1.6 GHG emission intensity	GHG Emissions Management Data Overview

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.3 Climate change	E.3.2 GHG emissions	E.3.2.1 Sources and types of GHG emissions	GHG Emissions Management
		E.3.2.2 GHG Emissions Management of greenhouse gas emissions	GHG Emissions Management
	E.3.3 Environmental rights trading	E.3.3.1 Participation in the carbon emissions trading market	Not Covered In This Report
		E.3.3.2 Participation in the energy rights, water rights, and pollution rights trading markets	Not Covered In This Report
		E.3.3.3 Participation in green electricity trading	Not Covered In This Report
	E.3.4 Climate risk management	E.3.4.1 Climate risk management	Sustainable Development Risk Management
E.4 Biodiversity	E.4.1 Impact of production, services, and products on biodiversity	E.4.1.1 Impacts of production, services, and products on biodiversity	Biodiversity Conservation
E.5 Measures for resource and environmental management systems	E.5.1 Setting Low-Carbon Development Goals and Strategic Measures	E.5.1.1 Setting low-carbon development goals and strategic measures	Sustainable Development Framework
	E.5.2 Resource management measures	E.5.2.1 Water resource management	Water Resources Management
		E.5.2.2 Material use management	Green Products Design and R&D Implementation of Circular Economy Practices Resource Recycling
		E.5.2.3 Energy use and energy efficiency management	GHG Emissions Management GHG Emissions Reduction Schemes
	E.5.3 Energy-saving and carbon reduction monitoring, statistical reporting, and assessment system	E.5.3.1 Energy-saving and carbon reduction monitoring, statistical reporting, and assessment system	Energy-saving and Emission-reduction Actions
	E.5.4 Green environmental actions and measures	E.5.4.1 Clean production	Green Products Design and R&D Pollutants Emissions Control
		E.5.4.2 Green technology upgrading and recycling	Pollutants Emissions Control Implementation of Circular Economy Practices Resource Recycling
		E.5.4.3 Green building renovation	Green Products Design and R&D
		E.5.4.4 Green office and operations	Energy-saving and Emission-reduction Actions Resource Recycling

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.5 Measures for resource and environmental management systems	E.5.4 Green environmental actions and measures	E.5.4.5 Green procurement and green supply chain management	Supplier Management
		E.5.4.6 Environmental conservation public activities	Biodiversity Conservation Implementation of Circular Economy Practices Resource Recycling
	E.5.5 Green Low-Carbon Certification	E.5.5.1 Environmental Management System Certification	Pollution Prevention and Ecosystem Protection
		E.5.5.2 Green and Low-Carbon Enterprise Certification	Not Covered In This Report
		E.5.5.3 Green and Low-Carbon Product and Service Certification	Not Covered In This Report
	E.5.6 Legal compliance in environmental matters	E.5.6.1 Emergency Response Plan for Environmental Incidents	Emergency Safety Management
		E.5.6.2 Environmental violations	Environmental Performance

Social

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
S1 Employee rights	S1.1 Employee recruitment and employment	S1.1.1 Corporate recruitment policy and implementation	Human Rights Protection Employee Development
		S1.1.2 Employee structure	Human Rights Protection Data Overview
		S1.1.3 Avoiding child labor and forced labor	Human Rights Protection
	S1.2 Employee compensation and benefits	S1.2.1 Compensation philosophy and policy	Human Rights Protection Employee Development
		S1.2.2 Working hours and rest and leave	Employee Development Occupational Health and Safety

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location	
S1 Employee rights	S1.2 Employee compensation and benefits	S1.2.3 Compensation and benefits security	Employee Development	
		S1.2.4 Employee democratic management	Human Rights Protection	
	S1.3 Employee health and safety	S1.3.1 Employee occupational health and safety management	Occupational Health and Safety	
		S1.3.2 Employee safety risk prevention	Occupational Health and Safety	
		S1.3.3 Response to safety incidents and work-related injuries	Occupational Health and Safety	
		S1.3.4 Employee care and assistance	Occupational Health and Safety Employee Development	
	S1.4 Employee development and training	S1.4.1 Employee motivation and promotion policy	Human Rights Protection Employee Development	
		S1.4.2 Employee education and training	Supply Chain Risk Management Information Security Protection Responsible Marketing Human Rights Protection Employee Development Occupational Health and Safety	
		S1.4.3 Employee career planning and job change support	Employee Development Data Overview	
	S1.5 Employee satisfaction	S1.5.1 Employee satisfaction survey	Not Covered In this Report	
		S1.5.2 Labor disputes	Human Rights Protection	
		S1.5.3 Employee turnover situation	Human Rights Protection Data Overview	
	S2 Product and service management	S2.1 Product safety and quality	S2.1.1 Production standard management policies and measures	Innovation-Driven, Suppliers, and Customers Occupational Health and Safety
			S2.1.2 Quality management	Product Quality Management

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location	
S2 Product and service management	S2.1 Product safety and quality	S2.1.3 Product recall and withdrawal	Not Covered In this Report	
		S2.1.4 Negative incidents related to products or services	Product Quality Management Customer Rights Protection	
	S2.2 Customer service and rights	S2.2.1 Customer satisfaction	Customer Rights Protection	
		S2.2.2 Customer complaints and handling	Customer Rights Protection Data Overview	
		S2.2.3 Customer information and privacy protection	Customer Rights Protection Information Security Protection	
	S2.3 Innovation development	S2.3.1 R&D and innovation management system	Product Development and Innovation	
		S2.3.2 R&D investment	Product Development and Innovation	
		S2.3.3 Innovation achievements	Product Development and Innovation	
		S2.3.4 Intellectual property protection	Intellectual Property Rights Protection	
	S3 Supply Chain Safety and Management	S3.1 Supplier Management	S3.1.1 Supplier selection and management	Responsible Procurement
			S3.1.2 Number and distribution of suppliers	Data Overview
		S3.2 Supply Chain Management	S3.2.1 Supply chain management policies and measures	Supply Chain Risk Management
S3.2.2 Supply chain security assurance and emergency plan			Responsible Procurement Supply Chain Risk Management	
S3.2.3 Major risks and impacts (supply chain)	Supply Chain Risk Management			
S4 Social contribution	S4.1 Tax payment situation	S4.1.1 Tax payment situation	Tax Compliance Management	

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
S4 Social contribution	S4.2 Community co-building	S4.2.1 Policies and measures for participating in local community construction	Rural Revitalization and Public Service
		S4.2.2 Contribution and impact on the local community	Rural Revitalization and Public Service
	S4.3 Social welfare activities	S4.3.1 Policies and measures for participating in social welfare activities	C&D Warmth Conveying to Children Go Beyond in Social Welfare
		S4.3.2 Investment and effectiveness in participating in social welfare activities	C&D Warmth Conveying to Children Go Beyond in Social Welfare Data Overview
		S4.3.3 Construction of an accessible environment	Engage in Community and Preserve Cultural Heritage C&D Warmth Conveying to Children Go Beyond in Social Welfare
		S4.4.1 Industrial transformation	Support Livelihoods with Stabilized Supply Product Development and Innovation Support Industry Development
	S4.4 National strategy response	S4.4.2 Rural revitalization and regional collaborative development	Promote Virtuous Deeds and Revitalize Rural Areas Support Livelihoods with Stabilized Supply Engage in Community and Preserve Cultural Heritage Data Overview
		S4.4.3 Belt and Road initiative and overseas responsibility fulfillment	Support Livelihoods with Stabilized Supply Employee Development Support Industry Development Data Overview
		S4.4.4 Industry characteristics and other social responsibility fulfillment situations	Innovation-Driven, Suppliers, and Customers Promote Virtuous Deeds and Revitalize Rural Areas Support Livelihoods with Stabilized Supply Data Overview

Governance

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
G1 Governance strategy and organizational structure	G1.1 Governance strategy and processes	G1.1.1 Governance strategy formulation	Sustainable Development Governance Structure Shareholders' Rights and Interests Sustainable Development Framework
		G1.1.2 Governance strategy supervision process	Sustainable Development Governance Structure Stakeholders Communication Risk and Compliance Management
		G1.1.3 Governance strategy approval and review process	Protection of Minority Shareholders' Rights and Interests
		G1.1.4 Party-building leadership	Not Covered In This Report
	G1.2 Organizational composition and functions	G1.2.1 Ownership responsibilities	Protection of Minority Shareholders' Rights and Interests Risk and Compliance Management
		G1.2.2 Board of directors, supervisory board, and management organizational structure and functions	Sustainable Development Governance Structure Appointment of Directors and Senior Management Protection of Minority Shareholders' Rights and Interests
		G1.2.3 Appointment procedures and composition of the board of directors, supervisory board, and management	Appointment of Directors and Senior Management
	G1.3 Compensation management	G1.3.1 Compensation plan for directors and supervisors	Compensation of Director and Senior Management
		G1.3.2 Transparency of the board's compensation	Compensation of Director and Senior Management
		G1.3.3 Reasonableness of management compensation	Compensation of Director and Senior Management
G2 Standardized governance	G2.1 Internal control	G2.1.1 Internal audit	Risk and Compliance Management
		G2.1.2 Internal control structure, mechanisms, and processes	Risk and Compliance Management

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
G2 Standardized governance	G2.2 Integrity construction	G2.2.1 Integrity construction system standards	Anti-Corruption and Anti-Commercial Bribery
		G2.2.2 Effectiveness of integrity construction measures	Anti-Corruption and Anti-Commercial Bribery
	G2.3 Fair competition	G2.3.1 Fair competition system standards	Anti-Monopoly and Anti-Unfair Competition Complaint Mechanism and Whistleblower Protection System
		G2.3.2 Effectiveness of fair competition measures	Anti-Monopoly and Anti-Unfair Competition Anti-Corruption and Anti-Commercial Bribery
G3 Investor relations management and shareholder rights	G3.1 Investor relations management	G3.1.1 Investor relations management strategy	Protection of Minority Shareholders' Rights and Interests
		G3.1.2 Investor communication	Protection of Minority Shareholders' Rights and Interests
		G3.1.3 Construction of investor relations management department	Protection of Minority Shareholders' Rights and Interests
	G3.2 Shareholder rights	G3.2.1 Shareholder (general) meeting situation	Protection of Minority Shareholders' Rights and Interests
		G3.2.2 Shareholder communication situation	Protection of Minority Shareholders' Rights and Interests Stakeholders Communication
		G3.2.3 Shareholder's right to know and participate in decision-making	Protection of Minority Shareholders' Rights and Interests
	G3.3 Creditor rights	G3.3.1 Credit situation	Not Covered In This Report
G3.3.2 Bond market performance situation		Not Covered In this Report	
G4 Information disclosure transparency	G4.1 Information disclosure system	G4.1.1 Financial information disclosure	Protection of Minority Shareholders' Rights and Interests
		G4.1.2 Non-financial information disclosure	Protection of Minority Shareholders' Rights and Interests
	G4.2 Quality of information disclosure	G4.2.1 Regular supervision, audit, and evaluation of all disclosed information	Not Covered In This Report
G5 Compliant operation and risk management	G5.1 Compliant operation	G5.1.1 Compliant operation system	Risk and Compliance Management Anti-Corruption and Anti-Commercial Bribery

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
G5 Compliant operation and risk management	G5.1 Compliant operation	G5.1.2 Construction status of the compliance system	Risk and Compliance Management
		G5.1.3 Specific process of compliance review	Risk and Compliance Management
	G5.2 Risk management	G5.2.1 Risk identification and early warning	Risk and Compliance Management Sustainable Development Risk Management
		G5.2.2 Risk control and tracking	Risk and Compliance Management Sustainable Development Risk Management
		G5.2.3 Risk reporting and management	Sustainable Development Risk Management Risk and Compliance Management

Independent Limited Assurance Report




Independent Limited Assurance Report

RSMZZ[2024]NO.361Z0347

To the Board of Directors of Xiamen C&D Inc.

We were engaged by Xiamen C&D Inc. (the "Company") to undertake a limited assurance engagement of the key indicators (the "Indicators") for the period from January 1,2023 to December 31,2023 included in its 2023 Sustainability Report (the "Report").

The Company's Responsibility

The Company was responsible for selecting the Criteria, and preparing and fairly presenting information presented in the Report in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

RSM's Responsibility

Our responsibility was to express limited assurance conclusions on the Indicators as defined in the "what we assured" column in the tables below.

We conducted our procedures in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) and the terms of reference for this engagement as agreed with the Company. The procedures we performed were based on our professional judgement, and for our reasonable assurance scope, our work was carried out only at the Company's headquarters. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria.
- Recalculating the Indicators.
- Other procedures that we deem necessary.

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What We Assured

<ul style="list-style-type: none"> ● GHG Emissions — Scope 1 – Direct GHG emissions (tCO₂e) — Scope 2 – Indirect GHG emissions (tCO₂e) — Scope 3: Other Indirect Emissions - Leased Assets for Household Business (tCO₂e) — Total GHG emissions (Scope 1+Scope 2) (tCO₂e) 	<ul style="list-style-type: none"> ● Energy Consumption — Electricity(kWh) — Green electricity(kWh) — Coal(Ton) — Natural gas(m³) — Thermal (GJ) — Steam(Ton) — Gasoline (Litre) — Diesel(Litre) — Liquefied petroleum gas(Ton)
<ul style="list-style-type: none"> ● Air Pollutants — NO_x emissions(Ton) — SO_x emissions(Ton) — PM emissions(Ton) 	<ul style="list-style-type: none"> ● Wastewater and Related Pollutants — COD discharge(Ton) — Ammonia Nitrogen discharge(Ton) — Total Nitrogen discharge(Tons)
<ul style="list-style-type: none"> ● Hazardous Waste — Transfer and disposal volume of hazardous waste(Ton) 	<ul style="list-style-type: none"> ● Water Resources — Water withdrawal(m³)
<ul style="list-style-type: none"> ● Total Employees(Person) — Total employees(Person) 	<ul style="list-style-type: none"> ● Employee Composition by Gender — Male(Person) — Female(Person)
<ul style="list-style-type: none"> ● Employee Composition by Age — Under 30(Person) — 30-50(Person) — Over 50(Person) 	<ul style="list-style-type: none"> ● Employee Composition by Education — Masters and above (Person) — Bachelors(Person) — College(Person) — Other(Person)
<ul style="list-style-type: none"> ● Employee Composition by Function — Management(Person) — Technical(Person) — Financial(Person) — Administrative(Person) — Business(Person) 	<ul style="list-style-type: none"> ● Management Team Composition — Management(Person) — Male management (Person) — Female management — Percentage of female management(%)





<ul style="list-style-type: none"> ● Parental Leave <ul style="list-style-type: none"> — Total paid parental leave requested by Employees (Day) 	<ul style="list-style-type: none"> ● Employment of Disabled Individuals <ul style="list-style-type: none"> — Number of disabled employees hired(Person)
<ul style="list-style-type: none"> ● Employee Training (Supply Chain Operations Business) <ul style="list-style-type: none"> — Total annual investment in employee training (Ten-thousand RMB) — Total employee training participants (Participant) — Total training hours (Hour) — Total training sessions (Session) 	<ul style="list-style-type: none"> ● Occupational Health <ul style="list-style-type: none"> — Occupational fatalities(Person)
<ul style="list-style-type: none"> ● Work Safety Accident <ul style="list-style-type: none"> — Extraordinary major accident(Case) — Major accident(Case) — Serious accident(Case) — General accident(Case) 	<ul style="list-style-type: none"> ● Anti-corruption Advocacy and Training (Supply Chain Operations Business) <ul style="list-style-type: none"> — Proportion of employees briefed on anti-corruption policies and procedures — Proportion of employees received anti-corruption training
<ul style="list-style-type: none"> ● Intellectual Property Rights <ul style="list-style-type: none"> — Number of newly registered trademarks (Item) — Number of newly registered software copyrights (Items) 	<ul style="list-style-type: none"> ● Non-affiliated Suppliers (By Regional Distribution) (Supply Chain Operations Business) <ul style="list-style-type: none"> — Mainland China (Unit) — Other Regions (Unit)
<ul style="list-style-type: none"> ● Volunteer Service (Supply Chain Operations Business) <ul style="list-style-type: none"> — Total volunteer service participants (Participant) — Total volunteer service hours(Hour) 	

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We have not performed assurance procedures in respect of any indicators relating to prior reporting periods, including those presented in the Report.

We need to remind the users of the Report that for non-financial Indicators, there is no recognized system of assessment and measurement standards, so there is a lack of uniform measurement methods, which will affect the comparability of data between companies.

Our Conclusions

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria described in the Report.

普通合伙
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Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

(This is the official seal page of Independen Limied Assurance Report RSMZZ[2024]NO.361Z0347 of Xiamen C&D Inc.)



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