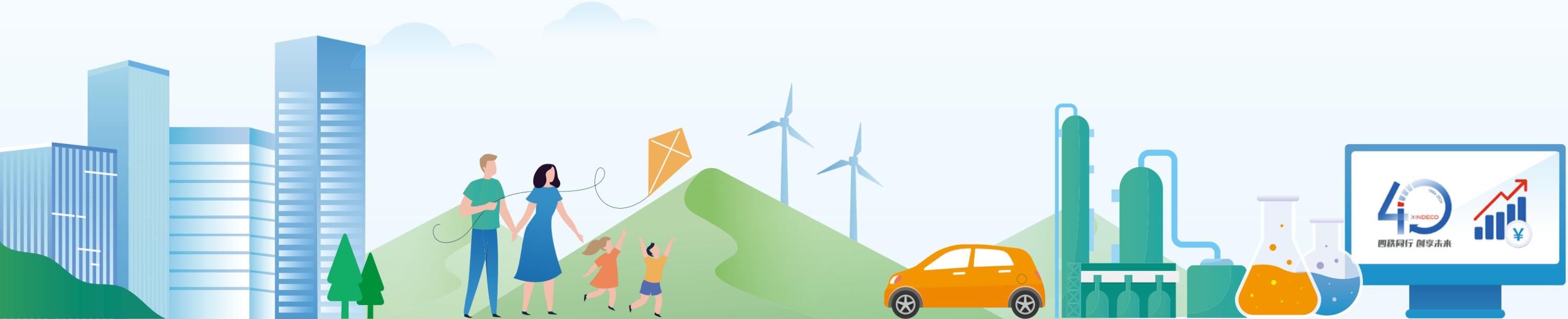




2023 Sustainability Report



CONTENTS



About This Report	01
Letter from the Chairman	03
About Us	05

Appendix

Data Overview	97
GRI Standards	108
SASB Index	118
ISDS Index	119

01 ENVIRONMENTAL

Addressing Climate Change	12
Pollution Prevention and	25
Ecosystem Protection	
Resource Utilization and Circular	31
Economy	

02 SOCIAL

Employee	35
Innovation-driven, Suppliers and	55
Customers	
Rural Revitalization and Public	69
Service	

03 GOVERNANCE

Governance Mechanisms of	75
Sustainability	
Prevention of Commercial	91
Bribery and Unfair Competition	

About This Report

This is the 2023 Sustainability Report ("this report") released by Xiamen Xindeco Ltd. (referred to as "Xindeco" or "We"). This report aims to present stakeholders with an overview of our management efforts in environmental, social, and corporate governance aspects in 2023, as well as initiatives and achievements in promoting the realization of the United Nations Sustainable Development Goals.

Reference Guidelines

We prepare this report in accordance with the "Global Reporting Initiative Standards" (GRI Standards) and "Sustainability Accounting Standards Board Standards" (SASB Standards), and take into account the disclosure requirements of the "Guidelines No. 1 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies – Standardized Operation of Main Board Listed Companies", "Guidelines No. 17 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies-Sustainability Report (Trial)", SASAC Research Center's "Indicators Reference Systems for ESG Reports of Listed Chinese Central State-Owned Enterprises", IFRS Sustainability Disclosure Standards (ISDS) developed by International Sustainability Standards Board (ISSB), and the United Nation's Sustainable Development Goals (SDGs).

Reporting Scope

The reporting period is between January 1, 2023, and December 31, 2023, and some parts of the report are beyond the aforementioned scope. Unless otherwise specified, the environmental, social, and economic data disclosed in this report include all enterprises within the scope of the consolidated statement of Xindeco.

Data Declaration

The financial data in this report is extracted from the audited annual reports of Xindeco, while other data is sourced from our internal systems or manually collected.

Explanatory Note

Abbreviation	Full Name
Xindeco, or We	Xiamen Xindeco Ltd.
Xindeco ITG Automobile Group	Xiamen Xindeco ITG Automobile Group Co., Ltd.
Xindeco Information Technology Group	Xiamen Xindeco Information Technology Group Co., Ltd.
Xindeco Optoelectronics	Xiamen Xindeco Optoelectronics Co., Ltd.
Xiamen Xindeco IoT	Xiamen Xindeco IoT Technology Co., Ltd.

Report Availability and Feedback

The report will be published once a year in electronic format in both Simplified Chinese and English. In the event of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail. The electronic version of the report can be accessed and downloaded from our official website (www.xindeco.com) and the Shenzhen Stock Exchange website (www.szse.cn). If you have any comments or suggestions, please feel free to email wangxs@xindeco.com.cn or lipf@xindeco.com.cn. We will strive to improve the report based on your feedback.





Letter from the Chairman

In 2023, amidst the ongoing impact of global climate change on ecosystems and human livelihoods, coupled with the restructuring of global industrial chains amid the trend of deglobalization, we experienced unprecedented challenges in our business development. In this complex and evolving market environment, we remained steadfast in our commitment to "Steady Progress and High-quality Development," maintained strategic composure, deepened our efforts in core business development, and rallied collective strength to ensure efficiency and stability.

In the past year, we kept embracing the sustainable development concept and set forth "dual carbon" goals aiming to peak carbon emissions by 2030 and achieve net zero by 2060. We implemented five key carbon reduction measures, including designing sustainable products, facilitating supply chain decarbonization, utilizing renewable energy, developing sustainable industries, and executing sustainable actions to pursue our net zero strategy while supporting national dual-carbon policy and the global temperature control goals under

the Paris Agreement.

In the past year, we achieved fruitful business results. The refinancing work ended successfully, and achieved an upgrade in our credit rating. We also completed investments in industries such as Qingtongxia Aluminium and POLY AUTO. Simultaneously, we continue to strategically develop both ends of the "Smile Curve" industries. Xindeco ITG Automobile Group acquired authorization for 9 new energy vehicle brands, leading to a significant leap in automotive exports while also expanding into emergency equipment modification business. We also accelerated the self-managed warehouse construction and intelligent warehousing management in supply chain business segment, and finalized the development of a "Five-Year Strategic Plan for IoT Technology" in our information technology segment, speeding up the pace of business transformation and upgrades.

In the past year, we engaged internationally and continued our journey along the Maritime Silk Road to the Southeast Asia.

Our business teams ventured globally, expanded international markets, and participated in various overseas exhibitions. Our automotive export business spanned dozens of countries and regions including Russia, Central Asia, and West Asia. We actively broadened our reach in overseas markets in our supply chain segment. Xiamen Xindeco IoT successfully entered into new markets such as Japan, South Korea, and India. We eagerly integrated into the new development paradigm of the national "dual circulation," not only expanding within our domestic borders but also planting the flag of Xindeco internationally.

In the past year, we continued to practice the core values of "Leadership, Responsibilities, Hardworking and Partnership". We Leveraged our industrial and resource advantages to support the national rural revitalization through industry assistance, educational support activities, and public welfare initiatives, thereby enhancing the well-being of urban and community areas. All the achievements and honors of Xindeco are inseparable from the dedication of all employees. We implemented the "1345" organizational capability improvement

strategy, seeking breakthroughs in talent cultivation, action learning, and performance management systems to attract, retain, and cultivate outstanding talents, establishing a solid foundation for business development. We encouraged our employees to contribute with greater confidence, responsibility, and enthusiasm to the future development of the company, making a lasting impact on Xindeco's advancing history.

In 2024, we will celebrate the 40th anniversary of Xindeco. Looking ahead to the next 40 years of continuous advancement, we will always adhere to the corporate spirit of "To Be the Top Notch," promote the "pioneering culture," and facilitate the growth initiatives and lean operations within the company. We will work with all parties to build an interconnected, shared, and win-win industrial ecosystem, advancing our corporate mission of "Leading globally competitive industries, Creating a better life."

About Us

Xindecu was founded in 1984 and listed on the Shenzhen Stock Exchange in 1997 (Stock Code: 000701), with headquarter in Xiamen, Fujian. We adhere to the core values of "Leadership, Responsibilities, Hardworking and Partnership" with the mission of "Leading globally competitive industries, Creating a better life." We pursue an overall development strategy with the three core businesses of automotive dealership, supply chain, and information technology advancing together. By strengthening capabilities in capital operation, investment and financing, internal control management, talent incentive, and other key areas, we are committed to our corporate vision of "the listed company that leads globally competitive industries and create a better life."

In the automotive dealership business segment

we rooted in the traditional 4S dealership business and are dedicated to building a customer-centric automotive service ecosystem. Our business covers fields such as EV services, Pre-owned vehicle dealership and export, emergency equipment, parallel import cars, etc. We are currently one of the leading regional automotive dealer groups in Fujian Province.

In the supply chain business segment

We focus on the fields of non-ferrous metals and black bulk commodity trading, and adhere to the full industry chain development strategy, committed to promoting value-added services for full-process supply chain management.

In the information technology business segment

we mainly engage in the research, development, and production of RFID electronic tags, reader-writer devices, as well as providing RFID system integration solutions. Our smart city business relies on the integration and application of advanced technologies such as IoT, artificial intelligence, digital twinning, and cloud computing. Through the integration and coordinated development of resources in information technology product manufacturing, information technology R&D, and engineering construction services, we are committed to becoming a leading service provider of solutions for smart city and intelligent business construction. In the optoelectronics business, we focus on the research, development, production, and sales of LED packaging and its application products. Currently, we have formed a business pattern that jointly develops in three major areas: display packaging, white light packaging, and application lighting.



• Business Distribution Map (Domestic)

2023 At a Glance



Key Economic Performance



Total assets

16,042,193.97
thousand RMB



Operating revenue

71,540,172.14
thousand RMB



Research and Development Investment

54,817.80
thousand RMB



Key Environmental Performance



Total environmental protection investment

1,784.10 thousand RMB



GHG emission intensity

28.77 tCO₂e / hundred-million RMB of operating revenue



Total energy consumption intensity

6.59 Tons of coal equivalent / hundred-million RMB of operating revenue



Total water consumption density

1,194.46 Tons / hundred-million RMB of operating revenue



Key Social Performance



Total tax payment

457,476.85 thousand RMB



Occupational health and work safety input:

3,075.40 thousand RMB



Volunteer service hours

921.00 hours



Employee compensation

695,348.69 thousand RMB

Number of employees

4,326 persons

Total employee training hours

83,593.50 hours



Social donations

200.00 thousand RMB



2023 ESG Honors and Awards

Xindecu

- 145th place on Fortune China 500 Listed Companies in 2023
- 7th place on Fortune China 500(Trade sub-list) in 2022
- 2023 China Leading Human Resources Management Enterprise
- Top 20 Global Iron Ore Suppliers
- 12th place on the comprehensive list of the top 100 steel trading companies in China & 6th place in the Metal Sheet Category of the Top 100 Steel Trading Enterprises in China & 10th place on the Building Materials List of the Top 100 National Steel Trading Enterprises in 2023
- 2023 Outstanding Steel International Trade Enterprise
- 2023 China High-Quality Coal Import and Export Enterprise
- 2022-2023 Annual National High-Quality Hot Rolled Plate Trading Enterprise
- 2023 China's High-Quality Coking Coal Supplier-Trader
- 2023 Long-Term Trusted Supply Service Provider for Iron Ore
- 2023 Mysteel Iron Ore Long-Term Spot Price Index Integrity Pricing Unit

Xindecu ITG Automobile Group

- 49th place in Top 100 List of Chinese Automotive Distribution Industry Dealership Groups
- 2023 Top 50 in Corporate Social Responsibility in China's Automotive Distribution Industry
- 2023 Trustworthy Enterprise in the Chinese Automotive Sales and Service Industry
- 2023 Xiamen Credible Automotive Dealer
- Xiamen Contract-abiding and Creditworthy Enterprise

Xiamen Xindecu IOT

- 2022 "IoT Star" Top 100 IoT enterprises in China



ENVIRONMENTAL 01



2023 Key Performance Indicators for Environmental Issues

1

Complete annual GHG(Scope 1, Scope 2) inventory work

2

Set carbon peak and net zero action goals: Strive to peak carbon emissions by 2030 and to reach the net zero emissions goal by 2060

3

Advance the design and development of sustainable products, incorporating green design concepts into product lifecycle

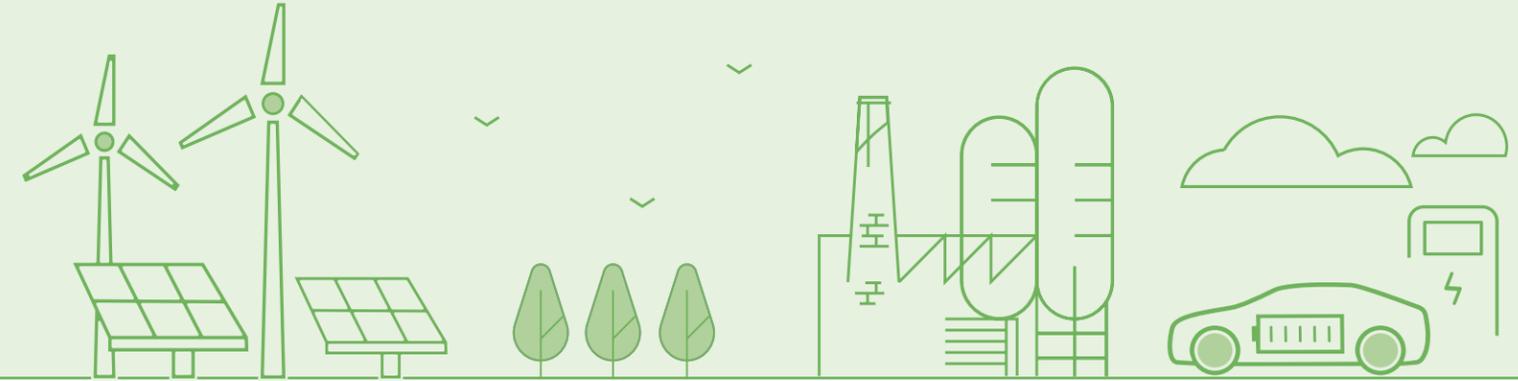
4

Actively innovate digital solutions, building on an open, shared, and sustainable digital platform



Addressing Climate Change

The challenges brought by global climate change continue to impact human society, and Xindeco is well aware of the coexistence of challenges and opportunities. We actively respond to the requirements of the national dual-carbon policy and the global temperature control goals under the Paris Agreement, adhering to the path of green and low-carbon development. Through actively introducing and applying new technologies, constructing a networked, intelligent, and service-oriented integrated industrial ecosystem, we contribute to the realization of green and low-carbon transformation in the industrial chain.



Net Zero Strategy

Under the framework of ITG Holding's Net Zero Strategy, and the guidance provided by the United Nations Global Compact (UNGC) publication of "Corporate Net Zero Pathway - Delivering the Paris Agreement and the Sustainable Development Goals," we formulated our own net zero objective as peaking carbon emissions by 2030 and achieving net zero by 2060. We will achieve our net zero strategy goals through five key carbon reduction measures: designing sustainable products, facilitating supply chain decarbonization, utilizing renewable energy, developing sustainable industries, and executing sustainable actions.



Designing sustainable products



Incorporate green design principles into various stages of the product lifecycle, research and design products with greater sustainability, and reduce carbon emissions during the product usage phase.

Facilitating supply chain decarbonization



Innovatively create an open, shared, and sustainable digital platform, provide digital solutions for the industry, and assist upstream and downstream enterprises in the industrial chain to improve quality and efficiency.

Utilizing renewable energy



Increase the proportion of renewable energy such as solar power in business operations, reduce the consumption of fossil fuels, and promote the sustainable transformation of the energy structure.

Developing sustainable industries



Actively lay out green industries such as green transportation services and scrap steel recycling, actively promote circular economy, and build a sustainable industrial system characterized by low consumption, low emissions, and high efficiency.

Executing sustainable actions



Guide company behavior with the concept of sustainable development, undertake various green environmental protection actions such as green offices and ecological conservation, and jointly safeguard the Earth while promoting economic growth.

Sustainable Development Risk Management

To better mitigate the risks posed by climate change and seize the transition opportunities under sustainable development risks, we refer to the scenario models of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). We identify and assess the short-term, medium-term, and long-term physical risks, transition risks, and opportunities facing us. Corresponding risk response measures are formulated, strategic reviews are conducted, and efforts are made to continuously enhance our sustainable development capabilities.

Physical Risks

Under the Shared Socioeconomic Pathways developed by the IPCC, there are five emission scenarios, including high and very high GHG emissions (SSP3-7.0 and SSP5-8.5), intermediate GHG emissions (SSP2-4.5), and very low and low GHG emissions (SSP1-1.9 and SSP1-2.6). We have selected the very low GHG emissions scenario (SSP1-1.9) and the very high GHG emissions scenario (SSP5-8.5) to conduct Near term, Mid-term, and Long term risk identification and assessment of climate-related disasters for the company's business development.

According to the Sixth Assessment Report by IPCC: 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 (SSP1-1.9), the likely global mean sea level rise is 0.28-0.55 meters, and the average annual global land precipitation is projected to increase by 0-5%; Compared to 1995-2014, the global surface temperature is very likely to increase by 3.3°C to 5.7°C by 2100 under the very high GHG emissions scenario (SSP5-8.5), the likely global mean sea level rise is 0.63-1.01 meters, and the average annual global land precipitation is projected to increase by 1-13%.

Physical Risk Assessment

Climate-related disaster risks	Current State	2030		2050	
		SSP1-1.9	SSP5-8.5	SSP1-1.9	SSP5-8.5
Flood and Typhoon The destruction of urban infrastructure and its impact on human welfare and health, especially in coastal cities and residential areas.	Low Impact	Low Impact	Medium Impact	High Impact	Extreme High Impact
Sea Level Rise The loss of human and natural systems in low-lying coastal areas, reduction in coastal fisheries resources, decrease in precipitation, and rise in temperatures.	Low Impact	Low Impact	Medium Impact	High Impact	Extreme High Impact

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

Climate-related disaster risks	Current State	2030		2050	
		SSP1-1.9	SSP5-8.5	SSP1-1.9	SSP5-8.5
Extreme Heat The increase in temperature and extreme heat impose stress and lead to deaths, with an increase in heat-related mortality and morbidity rates among both humans and wildlife. Food and water security are at risk.	Low Impact	Low Impact	Medium Impact	High Impact	Extreme High Impact
Drought Freshwater scarcity, with a decrease in surface water supply for irrigation in agriculture and other human purposes.	Low Impact	Low Impact	Medium Impact	High Impact	Extreme High Impact

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

Physical Risk Management

Physical Risk	Impact period	Coping Mechanism
Flood and Typhoon The destruction of urban infrastructure and its impact on human welfare and health, especially in coastal cities and residential areas.	Near, Mid & Long term	Assess regions potentially affected by floods and typhoons, reinforce and protect important buildings and inventories, and promptly relocate vulnerable inventories to safe locations to reduce potential losses from floods and typhoons. Develop emergency plans for typhoon and flood prevention, regularly organize staff to conduct relevant emergency drills, and enhance staff disaster prevention awareness and self-rescue capabilities. Prioritize meteorological bureau typhoon warning information before the arrival of natural disasters such as floods and typhoons, and stockpile necessary supplies to address the risk of supply chain disruption.
Sea-level Rise The loss of human and natural systems in low-lying coastal areas, reduction in coastal fisheries resources, decrease in precipitation, and rise in temperatures.	Mid & Long term	Regularly monitor meteorological and oceanic changes; implement relocation or reconstruction measures for assets that may be affected by sea-level rise; and consider the impact of sea-level rise in future investment area layouts when assessing factors.
Extreme Heat Temperature rise and extreme high temperatures bring stress and death to people, increase mortality and morbidity rates related to heat for both humans and wildlife, and pose risks to food and water security	Near, Mid & Long term	In extreme heat conditions, arrange employee work schedules reasonably to minimize outdoor work; provide appropriate occupational health protection measures for employees working in high-temperature environments.
Drought Freshwater resources are scarce, and surface water supplies used for irrigating agriculture and other human purposes are diminishing	Near, Mid & Long term	Regularly assess water resource risks to avoid disruptions to our production and operations due to shortages in freshwater supply; improve relevant systems and measures for water resource protection, enhance water resource recycling, and promote water conservation.

Transition Risks

The IEA scenarios include the Stated Policies Scenario (STEPS), the Announced Pledges Scenario (APS), as well as the Sustainable Development Scenario (SDS) and Net Zero Emissions by 2050 Scenario (NZE). We combine the NZE and the STEPS within the IEA scenario model to assess the transition risks and opportunities for our future development posed by climate policies and measures. Corresponding measures are formulated to achieve sustainable development under climate-related transition risks and opportunities.

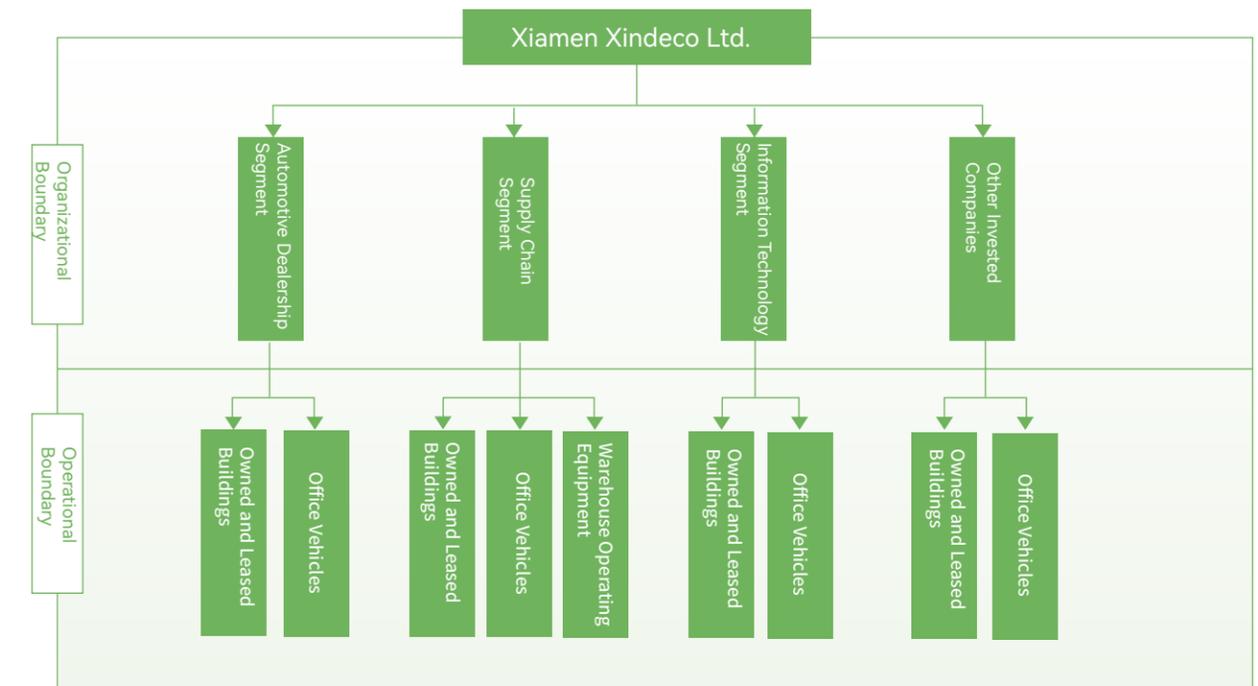
According to the IEA's World Energy Outlook (WEO): Under the Net Zero Emissions (NZE) scenario, global energy-related carbon dioxide emissions will reach net zero by 2050, providing the world with an opportunity to limit global temperature rise to within 1.5°C; Under the Stated Policies Scenario (STEPS), which considers only specific policies already enacted or announced by governments, annual carbon dioxide emissions from energy and industrial processes will increase from 34 gigatonnes in 2020 to 36 gigatonnes in 2030, remaining at roughly the same level until 2050. If emissions continue along this trajectory and non-energy-related greenhouse gas emissions follow a similar trend, the temperature will rise by approximately 2.7°C by 2100 (with a 50% probability). By 2050, the share of renewable energy in global electricity generation will be close to 55%.

Transition Risk Management

Transition Risks	Impact period	Coping Mechanism
Macroeconomic conditions and policy adjustments in the industry	Near, Mid & Long term	Closely monitor adjustments in domestic and international policies and changes in industry trends; strengthen analysis of foreign exchange and commodity market conditions; prudently utilize financial derivatives to hedge against currency and price risks in operations; continuously enhance risk prevention and control systems; actively prevent and mitigate potential risks; accelerate business model transformation to align with policy direction and industry trends, improve quality and efficiency, and ensure stable business development.
Pressure from greenhouse gas emission reduction policies	Near, Mid & Long term	Carry out carbon reduction activities around the five measures of designing sustainable products, facilitating supply chain decarbonization, utilizing renewable energy, developing sustainable industries, and executing sustainable actions. While striving to reduce our own greenhouse gas emissions, we promote the overall low-carbon transformation and development of the industry.
Demands for clean technology innovation and energy transition	Near, Mid & Long term	Keep up with market trends, accurately grasp policy guidance, strengthen investment in independent research and development, continuously innovate products while meeting customer and market demands, continuously enhance research and development capabilities and product technical levels, and meeting the requirements of clean technology innovation and energy transformation.
Growing market demand for sustainable products or services	Near, Mid & Long term	Keep up with industry market demands, steadily expand production capacity, and explore niche application markets through both organic growth and external expansion; Strengthen analysis of the industrial value chain and business models, optimize brand layout, achieve cost reduction, efficiency improvement, business scale enhancement, and increase user value.

GHG Emission Control

In accordance with the requirements of the ISO 14064-1:2018 standard, we conducted a greenhouse gas inventory for the following entities that have operational control in 2023 using the operational control method. This effort provides the data foundation for achieving our emission reduction targets.



Our GHG inventory scope for 2023 includes Scope 1 direct emission sources and Scope 2 indirect emission sources. Scope 1 includes emission sources from natural gas boiler combustion, vehicle combustion facilities, etc., while Scope 2 includes GHG emissions generated from purchased electricity. The specific description of the company's GHG inventory scope for 2023 is shown to the right:

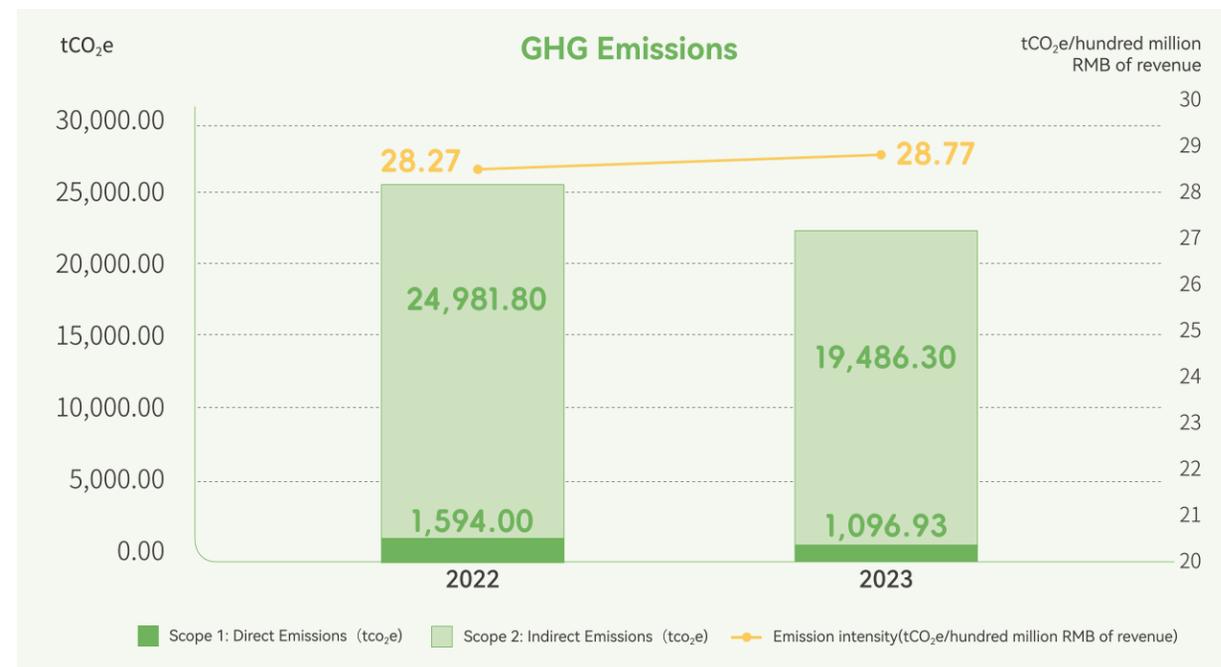
GHG Category	Definition	Primary GHG activities
1 Scope 1	Direct Greenhouse Gas Emissions refer to the greenhouse gas emissions produced by the organization itself, including the emissions produced by burning fossil fuels and industrial processes. They are divided into stationary combustion emissions, mobile combustion emissions, process emissions, and fugitive emissions.	<ul style="list-style-type: none"> natural gas boiler boiler gasoline business vehicles diesel business vehicles
2 Scope 2	Indirect Greenhouse Gas Emissions refer to the greenhouse gas emissions generated from the energy consumed by the organization, such as electricity and thermal energy. This includes purchased electricity, purchased thermal power, and others.	<ul style="list-style-type: none"> Electricity for production Electricity for office use



In 2023, our GHG emissions (including GHG Scope 1 and Scope 2) amounted to 20,583.23 tCO₂e, with an emission intensity of 28.77 tCO₂e per hundred million RMB of revenue.

2023 GHG Emissions(tCO₂e)

Category	2022 Emissions(tCO ₂ e)	2023 Emissions(tCO ₂ e)
Scope 1: Direct Emissions	1,594.00	1,096.93
Scope 2: Indirect Emissions	24,981.80	19,486.30
Total Emissions	26,575.80	20,583.23
Emission intensity(tCO ₂ e/hundred million RMB of revenue)	28.27	28.77



GHG Reduction Actions

We incorporate the concept of green and low-carbon development into our business operations, focusing on key actions such as designing sustainable products, facilitating supply chain decarbonization, developing sustainable industries, utilizing renewable energy, and promoting green production methods. By implementing various energy-saving and emission-reduction measures, improving the efficiency of resource and energy utilization, and reducing greenhouse gas emissions while achieving cost reduction and efficiency improvement, we respond to the requirements of the national dual-carbon policy and global temperature control goals through practical actions.

Designing sustainable products



In the process of product production and research and development, we are committed to integrating green design principles into various stages of the product lifecycle. We aim to develop and design more sustainable products, reduce carbon emissions during the product usage phase, and contribute to the overall achievement of net zero across the value chain.



Paper-based Antenna of RFID Tag



Our Paper-based Antenna of RFID Tag product has been evaluated by Carbon Footprint Ltd and has won the "Oscar" award in the IoT industry – the "Most Influential Innovative Product Award in RFID industry". This product, independently developed by us, abandons non-degradable PET materials and utilizes paper-based substrates certified by the Forest Stewardship Council (FSC). It applies production processes that comply with green environmental standards, achieving environmental functions such as "degradability, recyclability,

and reduced consumption." Simultaneously, it improves product performance aspects like tag conductivity and stability, reduces energy consumption, and facilitates green manufacturing and production. Approximately 60% of the total carbon emissions of our Class 3 tag products occur during the raw material acquisition stage, making carbon reduction an essential focus area. Considering that the carbon emissions of RFID washable tags made from nylon materials are approximately 38% higher than those made from satin materials, we have formulated a development plan to gradually replace nylon washable tag products on the market. We also promote the research and development of green washable tag raw materials to continuously create new types of washable tag products, striving to provide customers with high-quality green and low-carbon products.



Fixed LED fixtures



Our fixed LED fixtures have been awarded the China Energy Conservation Certification by the China Quality Certification Center. This product boasts advantages such as energy efficiency, long lifespan, and environmental friendliness. In terms of energy efficiency, compared to traditional lighting technologies, LEDs provide higher luminous efficacy. Regarding lifespan, LEDs demonstrate better durability and stability, offering users reliable illumination for extended periods. In terms of environmental friendliness, LED products are free from harmful heavy metals such as mercury. They not only avoid generating harmful substances during use but also have minimal environmental impact after the end of their lifecycle.

Facilitating supply chain decarbonization



We are committed to building open, shared, and sustainable digital platform capabilities, continuously promoting digitalization within the integrated supply chain model. We explore the application of new technologies such as the Internet of Things, the Internet, and robotic automation to facilitate the green transformation and upgrading of the supply chain.



Xindeco E-sign System

Currently, the average monthly signature for the supply chain electronic signature system has exceeded

5,000

Xindeco Esign System continues to enrich internal single-signature scene applications. Building on the electronic signature of trade delivery notes, all inbound and outbound documents in the steel self-managed warehouse have been electronically signed, effectively standardizing the signature process. By promoting dual-signature scenarios upstream and downstream, the system reduces offline paper circulation for customers, achieves paperless office operations, saves resource consumption, and promotes low-carbon transformation and development of the business. Currently, the average monthly signature for the supply chain electronic signature system has exceeded 5,000.

Highlight Green lighting in highway tunnel

Our tunnel lights used in highways are designed with a unified luminous surface and external dimensions. With this design, the same light fixture size can accommodate different power requirements, achieving consistency in the installation size of the fixtures in tunnels. This reduces the time required for tunnel hole drilling and assembly, thereby achieving the goal of reducing energy consumption and promoting low-carbon production operations. Additionally, when tunnel lights of different powers are mixed, they share the same luminous size, providing a smooth transition for drivers and reducing the generation of light pollution.



Highlight Innovative design for quality improvement



The panel lights used in the Xiamen Metro employ a design scheme featuring reflective plates and a sliding assembly structure. This design effectively reflects originally wasted diffuse light, significantly reducing internal light loss of the fixture, improving the light efficiency of the fixture. Consequently, it reduces the number of lamp beads and lowers the power consumption of the fixture, achieving reduced power consumption and increased efficiency in illumination.



"Wubo Technology" Smart Logistic Platform

"Wubo Technology" Smart Logistic Platform, in which we have invested, is currently one of the largest network freight platforms in Fujian Province. By publishing freight information on the platform, it customizes solutions for upstream customers and provides transportation support. Meanwhile, it extends value-added services such as post-transportation and supply chain finance downstream through the importation of resources from upstream customers. This drives the intensive, informatized, scaled, and intelligent development of bulk material transportation, promoting the quality improvement, efficiency enhancement, and low-carbon transformation of the logistics industry.

Developing sustainable industries



We seize the transformation opportunities brought by sustainable development risks, actively laying out sustainable industries such as green travel services, and creating a sustainable industrial system characterized by low consumption, low emissions, and high efficiency to achieve high-quality development.



Green Travel

We continue to make efforts in the transformation to new energy, optimizing our brand structure. Currently, there are over twenty brand showrooms selling EV models, including brands such as iM Motors, AITO, Luxeed, CHERY's Exeed, and iCAR, achieving approximately 115% growth rate of total sales in 2023. In addition, several 4S stores under our umbrella have introduced and sold pure electric and hybrid new energy vehicles, actively promoting green travel methods, and striving to build a green travel ecosystem.



In 2023, we achieved approximately **115%** growth rate of total sales

In 2023, we provided electricity to new energy vehicle owners a total of

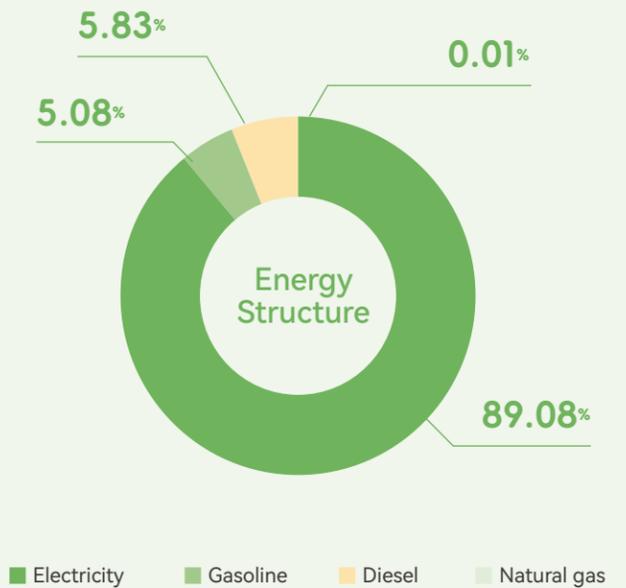
2.64 million kWh



In addition, we have cumulatively constructed three new energy public charging stations, with a total of 44 charging terminals installed, providing a total loaded power exceeding 3,000 kWh. In 2023, we provided a total of 2.64 million kWh of electricity to new energy vehicle owners.

Utilizing renewable energy

In 2023, our total energy consumption was 4,713.82 tons of standard coal. In terms of energy consumption structure, purchased electricity accounted for the highest proportion, approximately 89%. Regarding greenhouse gas emissions from energy consumption, emissions from purchased electricity accounted for a high proportion, accounting for 95% of the total greenhouse gas emissions generated from energy consumption throughout the year. We actively promote the use of renewable energy sources such as solar energy in production operations, gradually driving energy transformation.



Our energy consumption structure in 2023

Energy types	2023	2022	Total energy consumption in 2023(in tons of standard coal)	Total energy consumption in 2023(in tons of standard coal)	Energy consumption percentage in 2023(%)
Electricity(kWh)	34,168,515.30	43,804,658.56	4,199.31	5,383.59	89.08
Gasoline(L)	222,754.13	313,390.51	239.27	336.62	5.08
Diesel(L)	219,463.19	228,202.03	275.01	285.96	5.83
Natural gas(m ³)	170.12	/	0.23	/	0.01
Liquefied petroleum gas (t)	/	1.44	/	2.47	/
Total	/	/	4,713.82	6,008.64	100



Green 4S Store

In the automotive dealership business segment, we revolve around the "360-degree sustainability approach to reduce carbon emissions" concept proposed by the BMW Group to fulfil the upgrade and transformation requirements of the BMW manufacturer. From four dimensions: green environment, green power, green operation, and green practices, we reshape the customer's "green journey" and promote the sustainable upgrade of the "BMW Network Transformation Green Star." project.

Green Environment

- In terms of energy conservation, energy is saved through the use of high-efficiency lighting fixtures, high-efficiency sanitary fixtures, zoning/intelligent controls, the use of solar thermal water systems, and energy-saving designs.
- In terms of recycling, materials are recycled through garbage classification efforts, the use of green building materials, green furniture, and green work uniforms, as well as the establishment of high-pressure battery recycling areas.
- In terms of culture and biodiversity, indoor plants and landscapes are incorporated into the store layout, combining the natural beauty of green plants with the indoor environment and achieving biodiversity protection

Green Energy

By implementing four major initiatives including formulating energy usage reports, signing PPAs (Power Purchase Agreement for All-Weather Green Electricity), purchasing green power, and utilizing distributed renewable energy sources, we achieved green energy transformation.

Highlight Purchasing green certificates

In 2023, Xindeco Tongbao Automobile 4S Store purchased 1,068 green certificates, equivalent to 1,068,100 kWh of renewable energy, achieving the transformation to green energy.

Promoting green production methods

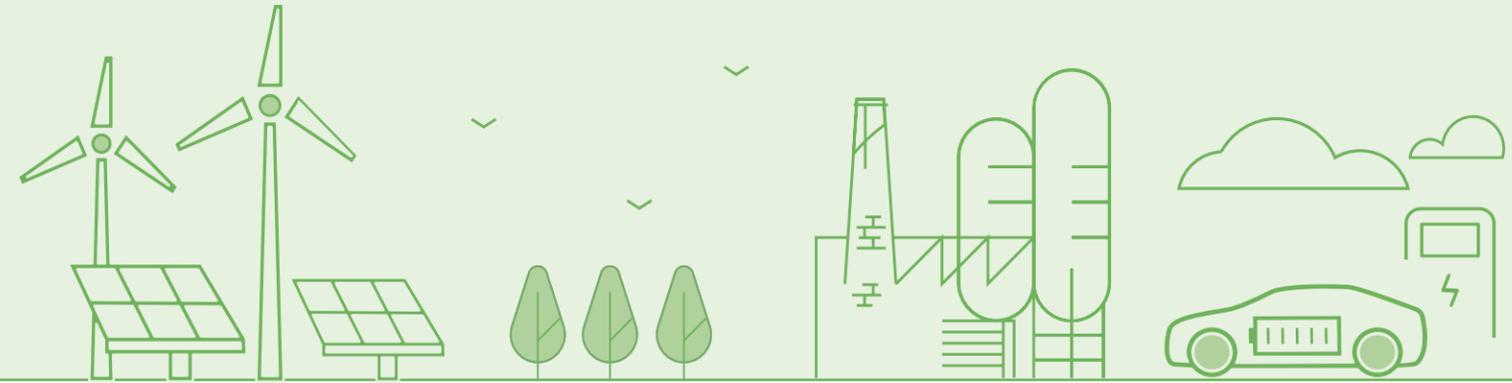
In the information technology business segment, we actively promote green production by continuously reducing greenhouse gas emissions in the production process through technological improvements and energy-saving upgrades of equipment. In 2023:

- Through engineering validation and corresponding technological transformations, the composite waste silicone oil paper, after being cut into pieces, can replace the current kraft paper liner effectively. This can significantly reduce the annual procurement cost of kraft paper liner, with an estimated annual savings of 590,000 RMB in liner costs.
- Through the transformation of DDA electrostatic facilities, the restrictions on products by DDA have been reduced, while the efficiency of high-frequency product production has been improved.
- Six high-frequency products have been moved to DDA production, promoting an increase in production efficiency, with an estimated cumulative benefit increase of approximately 130,000 RMB.
- Using analog signal combined with external same-jump roller shaft trigger for adaptive auxiliary positioning, achieving a no-printing MARK production process.
- Independently researched and completed the dismantling, installation, and debugging of four DDA40K machines, achieving internal relocation by the company.
- By optimizing the winding method and increasing the number of windings, the frequency of binding and composite shutdowns for material changeovers has been effectively reduced.



Pollution Prevention and Ecosystem Protection

Xindeco strictly adheres to the "Environmental Protection Law of the People's Republic of China" and other relevant laws and regulations, considering environmental friendliness as one of the important issues for high-quality development. Through standardized pollutant discharge management and practicing green operation development concepts, we strive to reduce the negative environmental impact of our operations and achieve green development. Currently, 6 subsidiaries have passed the ISO14001 environmental management system verification, covering 100% of our production enterprises. In 2023, our environmental protection investment totaled 1,784.1 thousand RMB.



Pollutant Discharge Management

We comply with legal and regulatory requirements related to the discharge of pollutants such as waste, wastewater, and exhaust gas, strictly controlling the discharge of various pollutants during operations to minimize their negative impact on the environment. Our production enterprises have developed "Wastewater Management Regulations," "Solid Waste Management Regulations," "Noise Management Regulations," and other pollutant discharge management systems and annual environmental goals, committed to reducing pollutant emissions and minimizing environmental pollution.

In the information technology business segment

- For oily wastewater from air compressors, it is filtered through an oil filter device before being discharged into the sewer system, with the filter cotton replaced every quarter.
- Other wastewater is collected and discharged into the domestic sewage network, treated through a septic tank before being discharged into the municipal sewage network.
- Regular inspections of the domestic water pipe network system and septic tank drainage conditions are conducted, monitoring water quality parameters such as pH, color, and clarity. In cases where abnormalities in the water pipe network or septic tank drainage conditions are found, prompt action is taken, and the incident is registered in the "Domestic Sewage System Inspection and Maintenance Record".

Exhaust Gas Emission Management

We implement the "Environmental Protection Law of the People's Republic of China," 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 other relevant laws and regulations, strictly controlling the emission of various pollutants during operations.

In the automotive dealership business segment

- the exhaust gases generated during business operations mainly include benzene, toluene, xylene, non-methane total hydrocarbons, and other paint shop emissions. We adopt the following measures to reduce exhaust gas emissions:
- During painting and paint mixing operations, paint booths are kept closed, and VOCs photocatalytic oxidation equipment is introduced to reduce exhaust emissions.
 - Regularly replace the exhaust gas filtering devices such as activated carbon and adsorption cotton in the equipment to reduce emissions.

Wastewater Discharge Management

In the automotive dealership business segment

the wastewater generated during business operations includes car wash wastewater and domestic wastewater. The main pollutants include anionic surfactant, ammonia nitrogen, total nitrogen, total phosphorus, petroleum, etc. We have set up three-level sedimentation tanks to filter the wastewater from car wash bays and workshops, removing suspended solids from the water. The clarified effluent from the sedimentation process is then discharged, and the sediment at the bottom of the tanks is regularly cleaned. In 2023, we commissioned a third-party organization to conduct tests, and all wastewater achieved standard discharge.

In the information technology business segment

we have formulated "Wastewater Management Regulations" to effectively treat car wash and domestic wastewater, ensuring that the wastewater meets discharge standards and striving to reduce its negative impact on the environment:

For automotive paint exhaust gases



we have installed standard-compliant VOCs equipment for filtration and regularly replaces the equipment's filter elements. Our VOCs exhaust gas treatment process is suitable for medium-concentration pollutants, with workshop spray exhaust gases being drawn into the XHTML VOCs purification device by an air delivery system. The equipment consists of a primary filter, flat plate filter, and adsorption sections. Dry filtration is used to remove paint slag, with fine particles in the exhaust gas

(paint particles, toluene particles, xylene particles) being captured, removing particulate pollution from the exhaust. Organic exhaust gases that have passed through paint slag removal enter the activated carbon adsorption area, where organic components are intercepted and adsorbed for dust collection and deodorization. The removal rate of large molecular organic exhaust gases is over 80% after treatment. Clean gas is extracted through the system fan to the high-position chimney for standard emission, effectively solving the exhaust gas pollution problem.

In the information technology business segment

we have formulated "Exhaust Gas Management Regulations" for smoke, volatile gases, and other exhaust gases generated during cleaning, glue filling, glue mixing, welding, and baking processes, to effectively treat various types of exhaust gases and ensure they meet emission standards:

- Regular maintenance of exhaust gas treatment facilities is carried out according to the specific requirements of the exhaust gas treatment system operation and maintenance manual, with daily inspections of the exhaust gas treatment system; when abnormal emissions occur, emergency measures are taken immediately; external institutions are commissioned annually to monitor the emission status.
- Regular maintenance and servicing of official vehicles are conducted, with vehicles undergoing annual inspections according to the specified schedule, striving to ensure that vehicle exhaust meets emission standards.
- Organic volatile gases generated from die bonding baking and glue mixing operations are discharged through collection pipelines to roof outlets.
- Smoke containing tin and lead generated during welding processes is collected through sealed collection pipelines to the activated carbon treatment system for treatment, discharged into the atmosphere after meeting standards.
- Operators are required to cover and seal volatile chemicals, using low-volatility, low-harmfulness chemicals to control the emission of volatile organic compounds.

In 2023, according to third-party institution testing, our exhaust emissions all met the emission standards.

Waste Disposal Management

In the automotive dealership business segment

we strictly adhere to the "Environmental Protection Law of the People's Republic of China," the "Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China," and other relevant laws and regulations. We have established the "Production and Operational Waste Management Regulations," "Hazardous Waste Pollution Standard Management System," "Hazardous Waste Pollution Environmental Protection Responsibility System," "Hazardous Waste Warehouse Management System," and "Waste Material Management Methods (Trial)" to regulate the management of waste generated from our operations.

For general waste generated during business operations, including vehicle maintenance scrap parts and waste paper, we take the following management measures:

- For household waste, waste sorting facilities are established to classify kitchen waste, other waste, and recyclable waste, which are then recycled or disposed of by qualified units.
- Designated storage areas for general waste are organized, adhering to the principles of classification and zoning, and implementing 5S management.
- Recyclable general waste of value is recycled by contracted recycling units; waste without recycling value is stored in designated areas and eventually transferred out of the warehouse by us, organizing third-party agencies regularly.

Hazardous waste generated during business operations includes waste mineral oils, waste lead-acid batteries, waste thinner (solvents and diluents in the painting industry), waste paint slag, waste engine oil drums, waste engine oil filters, waste paint cans, waste activated carbon, waste organic solvent cans, and waste filter cotton. We manage these as follows:

- Painting materials are replaced with water-based paints instead of oil-based paints, promoting the use of environmentally friendly materials.
- Continuously improve emergency protocols and enhance emergency facilities and equipment.
- Strictly classify waste generated during production according to the characteristics of hazardous waste, transport it in specialized barrels and bags, and assign dedicated personnel for the storage and management of hazardous waste.
- Cooperate with certified units issued by the provincial ecological environment department to recycle reusable hazardous waste, and strive to reduce the amount of hazardous waste generated.
- Enhance training in waste collection, classification, and storage management during production; implement hazardous waste classified storage; improve on-site cleaning management and supervision inspections, and standardize temporary hazardous waste storage areas.



In the information technology business segment



we have established the "Hazardous Material Management System," "Hazardous Waste Warehouse Management System," "Hazardous Waste Pollution Standard Management System," and "Hazardous Waste Emergency Environmental Response Plan," adhering to the principles of "reduction, harmlessness, and resource utilization." A waste material handling team is set up to dispose of packaged waste materials, reducing material loss and cost, further standardizing the management of waste generated from our production operations.

General waste disposal

For low-value recyclables like waste paper, we have them recycled by waste purchasers; for renovation or maintenance waste, it is cleared by the responsible department of the project company; for recyclable bulk waste materials like brackets and silver glue, our waste material handling team establishes a list of waste material purchasers and conducts open tender sales. Additionally, we have established a "Waste Sorting Management Leadership Group," holding comprehensive management coordination meetings monthly to mobilize, train, supervise, and report on waste sorting efforts. In 2023, we held 4 waste sorting training and publicity sessions and conducted 10 waste sorting inspections.

Hazardous waste disposal

Our hazardous waste mainly includes waste alcohol and waste cleaning agents. We pay close attention to the management of purchasing, storing, issuing, using, discarding, and emergency measures for hazardous materials. For chemical waste liquids, we require classified collection and storage and clear identification of their types. In their storage areas, we set up leak prevention and anti-permeation facilities and equip corresponding firefighting equipment to ensure safety and environmental protection. When a certain amount of waste liquid is collected, we hand it over to a qualified third-party for treatment according to legal and regulatory requirements. Given that chemical containers often qualify as hazardous waste, we strive to recycle them as much as possible. For containers that cannot be recycled, we store them centrally and entrust their disposal to a qualified third-party.

Environmental Protection in Action

We actively carry out various environmental protection-themed public welfare activities, advocating for green living and office practices, taking concrete actions to protect the environment, and jointly safeguarding the Earth.

Highlight Tree Planting Activity



Highlight Voluntary environmental protection activities on Lei Feng Day



Highlight The "Earth Hour" Environmental Protection Initiative



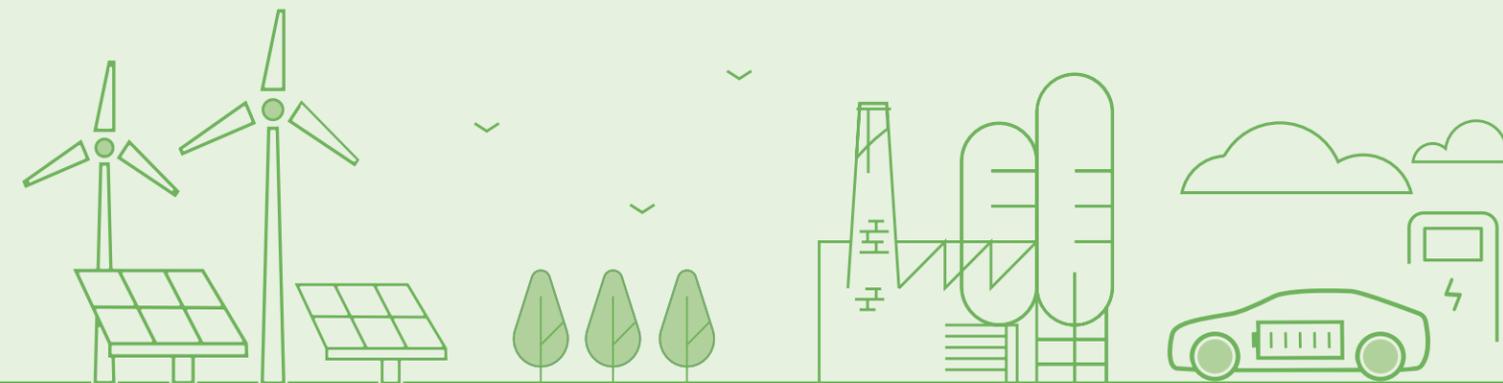
Highlight Promotion of Waste Sorting Management

We carry out regular promotion through the deployment of green office promotional videos and posters on LED advertising screens, posting paper posters and signs in office areas, and setting up promotional columns related to Xiamen's waste sorting content. At the same time, we established a domestic waste sorting assessment system, with random inspections conducted monthly and comprehensive evaluations of our subsidiaries every quarter. In 2023, a total of 12 spot checks and 4 evaluations were conducted.



Resource Utilization and Circular Economy

Fostering a circular economy and advocating for the efficient conservation and recycling of resources stands as a pivotal strategy in accomplishing the national “dual carbon” objectives. Xindeco, grounded in the national development context, actively engages in the circular economy, advocating for the recycling of resources, and collaborates with employees and other stakeholders to build a resource-conserving, environmentally friendly society.



Steel Scrap Recycling

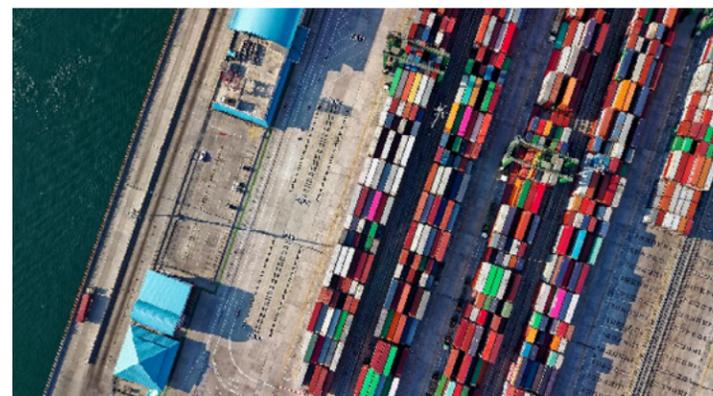
We supplied

15,000

tons of scrap steel materials



Our supply chain steel center accelerates our business transformation and upgrade, adhering to a full industrial chain development approach, actively exploring markets in central and western regions, and forming strategic partnerships with leading industry enterprises. Through resource optimization and shared synergy, we seek mutual development and empower the industry, creating a new pattern of mutual benefits, shared risks, and collaborative success. We continue to advance our self-managed warehouse projects, offering customers efficient integrated logistics services, extending the industrial chain to the tangible sector. Simultaneously, we proactively integrate into the national "dual circulation" development strategy, establishing overseas offices in Malaysia to support the reuse of local scrap steel resources, providing channels for sustainable development, and further assisting "the Belt and Road" countries to enhance their trade connectivity and convenience. Our Malaysian office works closely with local steel enterprises, mainly focusing on the supply of scrap steel materials and the sale of billet products, supporting local sustainable development, and promoting the greening of the steel supply chain. In 2023, we supplied 15,000 tons of scrap steel materials.



Executing Sustainable Actions

Xindeco Tongbao Automobile 4S Shop, under Xindeco ITG Automobile Group, actively practices the green development concept and execute sustainable actions.

Green Office



Promoting paperless office operations, switching bottled water used in reception to water dispensers with glass cups to reduce the environmental pollution from PET material in mineral water bottles.

Green Showroom



Changing product introduction brochures in showrooms to digital displays to reduce the use of paper brochures.

Green Services



In the car sales service, conducting EHS (Environment, Health, and Safety) special inspections, using precision oil filling systems in workshops, and changing the seat covers, foot mats, and steering wheel covers used during customer service receptions to reusable, biodegradable materials to reduce the environmental pollution from plastic materials.

SOCIAL 02



2023 Key Performance Indicators for Social Issues

- 1** The number of incidents resulting in penalties for violating labor laws or suspected of employment discrimination is zero
- 2** The proportion of local employees hired annually is not less than 60% (within the province)
- 3** No information security incidents occurred throughout the year



Employee

We view talent as the primary driving force for sustainable development. We continuously optimize human resource management, respecting and protecting the occupational health and legal rights of all employees. We are dedicated to providing competitive compensation, benefits, and educational and training mechanisms, offering a safe, healthy, diverse, and inclusive work environment. This nurtures a broad platform for employee growth, co-creating and sharing the value of sustainable development with employees.



Human Rights Protection

We place high importance on human rights protection, respecting international human rights standards and guidelines such as the "International Bill of Human Rights," 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." We strictly adhere to laws and regulations like the "Labor Law of the People's Republic of China," committed to providing a fair, inclusive, and harmonious professional environment for all employees.

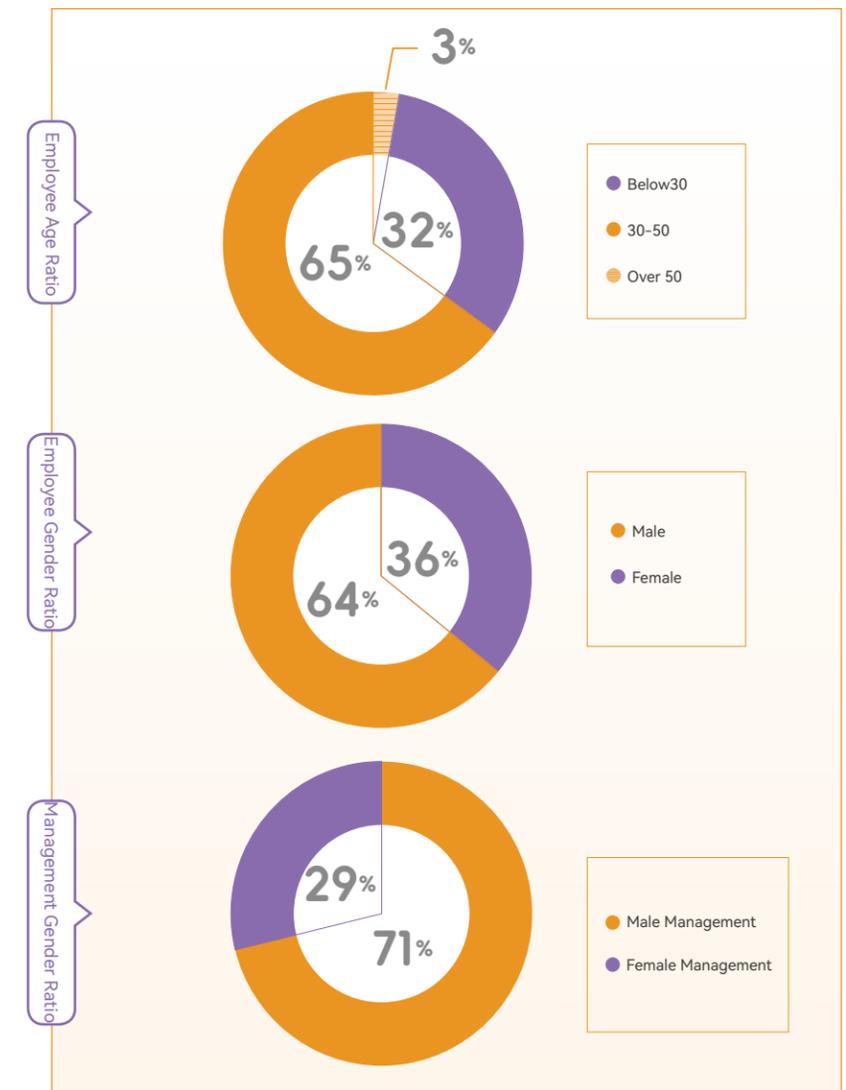
As of December 31, 2023, we have a total of 4,326 employees. The composition of the workforce is as follows:

We have a total of **4,326** employees



Anti-discrimination and Anti-harassment

Through internal management systems such as "Labor and Personnel Management Regulations" and "Employee Recruitment Management Methods," and a scientific and reasonable recruitment mechanism, we ensure that employees have equal opportunities in recruitment, salary, and promotion. We eliminate any form of discrimination based on gender, age, race, skin color, nationality, ethnicity, or origin, building a diverse and professional talent pool. We advocate for gender equality and resolutely opposes child labor, forced labor, sexual harassment, and other human rights violations. Additionally, we foster a healthy and positive work atmosphere by regularly conducting human rights protection training.



Highlight

Xindeco ITG Automobile Group organizes regular training sessions called "Labor Law Co-building Classroom—A Monthly Labor Case Analysis." By dissecting and learning from labor dispute cases, the training enhances management's and employees' awareness of labor laws and regulations. This initiative ensures that both we and our employees have a better understanding of each other's rights and obligations, reducing human rights risks and preventing similar issues in daily work and management, thereby safeguarding employee rights.

Employee Democratic Rights

We respect and protect the democratic rights of employees to freedom of association and collective bargaining as granted by law, closely integrating the establishment and improvement of various democratic management systems with daily management practices and corporate culture development, adhering to the unity of enterprise development and the protection of employees' rights and interests. We establish multidimensional employee communication channels, actively organize democratic consultations and exchanges, and widely listen to employees' opinions and suggestions through forms such as staff representative meetings and labor union congresses. For matters concerning employees' vital interests such as salary, performance, benefits, career development, and labor and personnel management, equal consultations are conducted, and various collective agreements such as "Collective Contracts," "Collective Wage Contracts," and "Special Protection Contracts for Female Employees" are signed to fully protect employee rights. We encourage employee representatives to participate in corporate governance, and organize employees to legally carry out democratic elections, decision-making, management, and supervision, ensuring employees' rights to be informed, participate, express, and supervise.

In 2023, we held one employee representative conference to democratically discuss matters related to employees' vital interests such as salaries, performance, and career development, and voted to pass the revision of human resources-related systems. A "Special Collective Contract for the Protection of Female Employees" was signed, committing to equal pay for equal work for men and women, deepening the promotion and training welfare mechanisms for gender equality, providing humanitarian care for female employees, and protecting the basic rights of female workers, including the following aspects:

- Value the selection and training of female managers.
- Strengthen protection for female employees during the 'four periods' (menstruation, pregnancy, childbirth, lactation).
- Strengthen training on occupational health and safety knowledge for female employees, continuously improve and enhance the working conditions of female employees in terms of occupational health
- Provide female employees with consultation on healthcare knowledge and medical services, including free gynecological check-ups and breast disease screenings at least once every two years.



Employee Compensation and Benefits

We have established a compensation and benefits system including "Compensation Management Regulations," "Employee Benefits Management Measures," "Performance Management Regulations," "Enterprise Annuity Overall Plan," and "Expatriate Employee Management Regulations." We improved the performance-oriented compensation distribution system and are committed to providing employees with competitive compensation and benefits.

Compensation and Performance

We have established an incentive compensation structure primarily based on basic salary, with performance bonuses and subsidy benefits. We have developed a salary system suitable for business development according to the different job grades, working characteristics, and value creation methods of employees, creating an environment that fully leverages talent value. Adhering to the principles of traction, balance, step-by-step promotion, and the possibility of both promotion and demotion, positions are classified into management, professional, and labor sequences. Clear job grade standards and evaluation methods are defined, and an efficient performance appraisal framework is established based on the concept of merit-based selection and skill motivation. Performance appraisals cover all employees, ensuring the process is open and transparent. We have established an "Xindeco Management System for Accountability of Violations in Business Operations and Investments," linking ethical compliance requirements/conduct codes with employee performance assessments and compensation. Assessments are conducted based on education, years of management, professional abilities, titles, and seniority among other dimensions, fostering regular compensation and performance communication, establishing a good mechanism of competition, incentive, and constraint, fully enhancing performance effects, closely linking employee income with company performance and individual achievements, and stimulating employee enthusiasm.

Equity Incentives

We have established and improved a long-term incentive and constraint mechanism to attract and retain professional managers and core employees, fully mobilizing their enthusiasm and creativity, effectively enhancing the cohesion of the core team and the core competitiveness of the enterprise. We effectively align the interests of shareholders, ourselves, and the core team by implementing a restricted stock incentive plan. As of December 31, 2023, we have granted 29.56 million restricted shares to core employees.

We have granted core employees restricted shares of

29.56 million shares



Employee Benefits

We offer a comprehensive and diverse welfare system for employees, building a caring and warm home on the basis of establishing a social insurance system that covers all employees, through various employee care initiatives.

We have formulated the "Xindeco Employees' Mutual Aid Center Management Measures," establishing a "Fund Pool for Mutual Aid" funded by employee contributions, government, administrative, labor union subsidies, and donations from all sectors of society, specifically for carrying out employee mutual aid care projects. The "Xindeco Employees' Mutual Aid Center" Management Committee is responsible for raising and using the mutual aid funds, providing assistance to employees from families in difficulty. In 2023, we applied for the ITG Holding Care Fund for 8 employees from families in difficulty, totaling 140,000 RMB in subsidies.

We applied for the ITG Holding Care Fund for

8 employees

from families in difficulty

The total subsidy claimed amounts to

140,000 RMB

Talent Development

We adhere to the "Talent Strengthens Enterprise" strategy, focusing on the "selection, cultivation, employment, and retention" of talent. We have comprehensively reviewed and revised systems such as "Employee Recruitment Management Measures" and "Employee Career Development Management Regulations," establishing a more scientific and systematic training and development system for employees, providing a broad development space for outstanding talents.

Employee Recruitment

We place high importance on the sustainable development and training of talents, continuously improving and perfecting the employment mechanism, actively implementing localized employment, introducing and selectively recruiting outstanding talents from society, providing talent guarantees for the high-quality development of us. In 2023, in coordination with the ITG Holding Group, we organized several offline promotional talks and job fairs, introducing key, backbone, and post-doctoral talents through market-oriented recruitment, quickly addressing talent deficiencies. On the basis of open recruitment and market-oriented selection, we continuously promote internal competition and rotation among employees, providing an open and transparent promotion channel and career development opportunities for employees in different positions, stimulating employee potential, and expanding their capabilities.

Employee Training

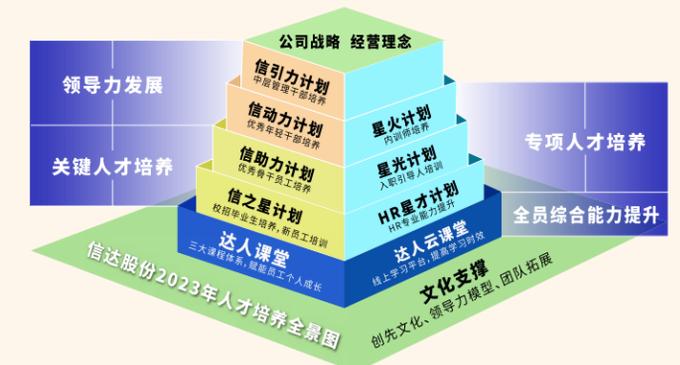
We continually establish and perfect the employee training and development system. According to the "Training Management Measures," a three-level training system is set up: Xindeco Training, Business segment Training, and Subsidiary Professional Skills Training, continuously assisting employees in unlocking their potential and enhancing their personal professional skills based on job ranks and individualized needs. In 2023, around the four modules of "Leadership Development," "Key Talent Cultivation," "Special Talent Training," and "Comprehensive Capability Improvement of All Employees," we comprehensively upgraded the talent training system, creating targeted training programs such as the Xin Series, Da Series, and Xing Series, continuously strengthening talent team construction. In 2023, we conducted a total of 309 training sessions, with a total of 83,593.5 hours, covering 100% of the employees.

We conducted a total of

309 training sessions

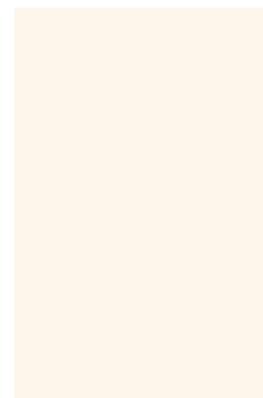
Total training hours

83,593.5 hours



Highlight Summer Daycare Services for Employees' Children

We offer summer daycare services for employees' children, providing a series of enriching courses that allow employees' children to also experience the joy of learning during the summer, effectively helping employees solve childcare problems and eliminating their worries about summer work.



"Xindeco Motivation" Program

In 2023, the "Xindeco Motivation" program targeted outstanding young executives for training in business management, performance coaching, and public speaking skills. Through diverse training formats such as face-to-face training, action learning, and scenario case interaction, the program unearthed the comprehensive potential of young executives, nurturing their innovative thinking and strategic planning capabilities, providing solid talent support for the future development of the enterprise.



"Xindeco New Generation" Campus Recruitment Employee Training Program

Offering diverse learning pathways such as talent classrooms, online courses, and quizzes, covering party class learning, company introduction, integrity education, corporate culture promotion, and professional business etiquette courses, the program accelerates the rapid learning and growth of campus-recruited employees.



"Xindeco Promotion" Program

Focusing on the capacity building of outstanding key employees, we organized visits to internal enterprises, introduced the ORID method of focused discussion as a learning tool, and conducted review workshops, promoting collaborative learning and co-creation among participants, further enhancing problem analysis and solving abilities, and fostering innovative thinking among participants.



"Master Class" All-Employee Capability Enhancement Training Program

Focusing on difficult and important business needs, the program invites various industry experts and internal elite instructors to conduct training, effectively helping participants solve business pain points.



Corporate Culture Expansion Training

Vigorously promoting a culture of innovation, we organize corporate culture expansion training to deepen employees' understanding of corporate culture and enhance their identification with the core values of "Leadership, Responsibility, Hardworking and Partnership."



University-Enterprise Cooperation

We have long been actively exploring models of cooperation between universities and enterprises. Following the principles of resource sharing, complementary advantages, and mutual development, we have actively interacted with universities to establish a platform for joint training and internship practices, opening key channels for talent reserves and providing strong talent support for our talent development.

Highlight

A "Industry-Education Integration" strategic cooperation framework agreement was signed with Zhongnan University of Economics and Law to promote the deep integration of industry, education, and research.



Highlight

Dual-system cooperation was conducted with Quanzhou Vocational College of Economics and Business and Fujian Vocational & Technical College of Water Conservancy & Electric Power. An off-campus internship base for automotive majors was established in cooperation with Quanzhou Vocational and Technical University, and our internal training courses were introduced to Quanzhou Vocational and Technical University, enhancing students' professional abilities.



Highlight



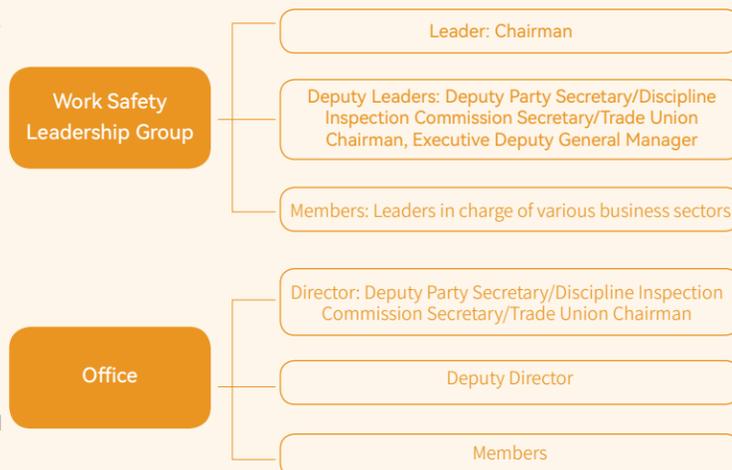
Cooperative discussions were held with Fuzhou University, Chang'an University, and Xi'an University of Architecture and Technology, among other institutions, to jointly explore forms of university-enterprise cooperation.

Occupational Health and Safety

We place a high priority on managing occupational health and safety, strictly adhering to the " Law of the People's Republic of China on Work Safety" and the " Law of the People's Republic of China on Prevention and Control of Occupational Diseases," among other relevant laws and regulations. We have developed and continually enhances internal management systems for occupational health and safety, pushing forward with the establishment of occupational health and safety management systems. We are dedicated to providing all employees with a work environment that is not only healthy and safe but also comfortable. Within our critical areas of work safety, both the Xiamen Xindeco IOT and Xindeco Optoelectronics, which are part of the information technology business segment, have obtained ISO45001 system certification. In 2023, we persistently encouraged our subsidiaries to pursue safety standardization. Xindeco Optoelectronics' application for a level three safety standardization rating was approved by Xiamen city and district emergency management bureaus. Additionally, one subsidiary was awarded a level three certificate for safety production standardization, markedly enhancing the overall safety management level of Xindeco.

Work Safety Management

We employ a comprehensive work safety management system characterized by "unified leadership, clear responsibilities, graded management, categorized guidance, and universal participation." A leadership group dedicated to work safety is established to oversee the coordination of safety management efforts, supported by an office underneath this group. This office is staffed with either full-time or part-time work safety management personnel responsible for the day-to-day management of work safety issues.



To ensure the effective realization of goals in occupational health and safety management, we enforce a comprehensive work safety responsibility system for all staff. This clarifies the responsibilities related to work safety from the top executives to frontline employees. Achievement of these objectives is integrated into the annual evaluation system for subsidiaries and related management staff across various business segments. The outcomes of these evaluations serve as a crucial criterion for decisions on cadre selection, appointment, promotion, and disciplinary actions. Additionally, the performance pay for management is linked to the safety and environmental protection goals achievement of their respective units. This approach motivates management to proactively advance and implement work safety measures, safeguarding our operational safety. In 2023, we progressively extended downward in hierarchy levels, signing a total of 476 "Work Safety Target Management Responsibility Agreements", covering 100% of our employees.

Safety Risk Management

We adhere to the safety risk management principles of "full participation, key points focus, and hierarchical control," continuously refining the "Safety Risk Identification, Assessment, and Hierarchical Control Management Regulations," "Major Safety Risk Announcement and Warning Regulations," and other system documents. We establish a safety risk management procedure, comprehensively identifying and controlling potential safety risks, hazards, and major danger sources in the production and operation processes of all investment enterprises, thereby enhancing our safety assurance capability.

Hazard Identification and Risk Assessment

We refer to the "Classification and code for the hazardous and harmful factors in process" (GB/T 13861-2022) and the "The classification for casualty accidents of enterprise staff and workers" (GB6441-86) to conduct comprehensive and systematic identification of hazards in the production system, equipment, work environment, and activities, focusing on elements such as unsafe behaviors of people, unsafe conditions of objects, adverse environmental factors, and management deficiencies. Through system analysis, investigation of hazard sources, demarcation of hazardous areas, analysis of existing conditions and triggering factors, and potential hazard analysis, the types of hazard sources and safety risk levels are determined, and risk control measures are formulated.

The principal responsible person of each enterprise leads the organization of risk assessment and classification work, using assessment methods such as the LEC (Likelihood, Exposure, Consequence) evaluation method and the risk matrix method to classify identified hazards from high to low into four levels: major risk, higher risk, general risk, and lower risk. These are indicated by four colors: red, orange, yellow, and blue, respectively. A safety risk database is established, and a major safety risk list is compiled. By creating a four-color safety risk distribution map that clarifies levels, management status, responsible persons, and control capabilities, a "one risk, one file" system is implemented, with files classified according to risk level. For various safety risks identified on-site, corresponding emergency response procedures and measures are clearly defined. Should uncontrollable risks be discovered, the area operation or equipment operation is immediately halted, personnel are rapidly evacuated from the danger zone, corrective measures are developed and implemented, and reassessment is conducted after rectification, ensuring safety through real-time monitoring.



Safety Risk Graded Control

Based on the safety risk assessment, we categorize safety risk types and levels from high to low into four levels: "investment enterprises, subordinate enterprises, teams, and positions," with responsibilities progressively delegated to each level of positions, management, and operational staff.

- For major and higher safety risks, the principal responsible person of each enterprise follows the "five implementations" principle to track the implementation of safety risk control measures, urging timely rectification if issues are discovered.
- The work safety leaders of each enterprise lead the organization of quarterly evaluations of the implementation and effectiveness of major safety risk control measures. They identify whether there are any loopholes or blind spots in the safety risk identification results and control measures, adjusting and improving control measures as needed based on problems encountered during control. The Safety Risk Graded Control Office is responsible for strict daily supervision and inspection according to each safety risk control measure, planning the focus of safety risk control for the next quarter based on quarterly and special safety risk identification and assessment results.
- Each subsidiary conducts a quarterly analysis and inspection of the implementation of safety risk control measures in key control areas within its system, implementing control measures one by one from aspects such as system, management, measures, equipment, emergency, responsibility, and assessment, ensuring that control measures are in line with on-site realities, and continuously perfecting and improving control measures.

Furthermore, we set up safety risk notice boards in major risk areas and produce job safety risk cards, indicating the source of danger, potential accidents, corresponding prevention or emergency response measures, and contact numbers. For workplaces and positions with major safety risks, we install conspicuous warning signs or alarm devices and equip them with on-site emergency facilities and evacuation routes, strengthening hazard detection and early warning, and enhancing employees' ability to identify and respond to safety risks.

Safety Hazard Inspection

We continue to advance safety inspections and hazard identification efforts, implementing relevant system requirements such as the "Work Safety Management Measures" and "Safety Hazard Identification and Management Regulations." We strengthen the identification and management of hazards, clarify the responsibilities for investigating and managing various types of accident hazards, and integrate information technology into work safety efforts, striving to prevent and reduce the occurrence of safety accidents. In 2023, we inspected and rectified 433 general safety hazards, achieving a 100% rectification completion rate.

We inspected and rectified

433 general safety hazards



In 2023, we comprehensively strengthened our safety hazard inspection work through the following special safety inspection initiatives:

Special Inspection of Major Accident Hazards

- Led by members of our Party Committee and management team, the inspection identified 40 general hazards, all of which were rectified, achieving a 100% rectification rate

Winter and Spring Fire Safety Special Rectification

- Focused on inspecting key areas such as electrical circuits, hazardous goods warehouses, dormitories, and canteens, specifically rectifying prominent fire safety issues and weak links identified during the inspections. A total of 19 fire hazards were discovered and rectified, achieving a 100% rectification rate.

Gas Safety Inspection and Special Rectification

- Comprehensive progress was made in the liquefied petroleum gas to electricity conversion projects for the canteens of the Mawei Dongfeng Honda, Xintian GAC Honda, Nanping BMW, and Chengdu Poly 4S stores, based on safety inspection findings. This transition to electrical energy for subsidiary enterprise canteens aimed to prevent gas accidents.

Safety Self-Inspection of Leased Factories

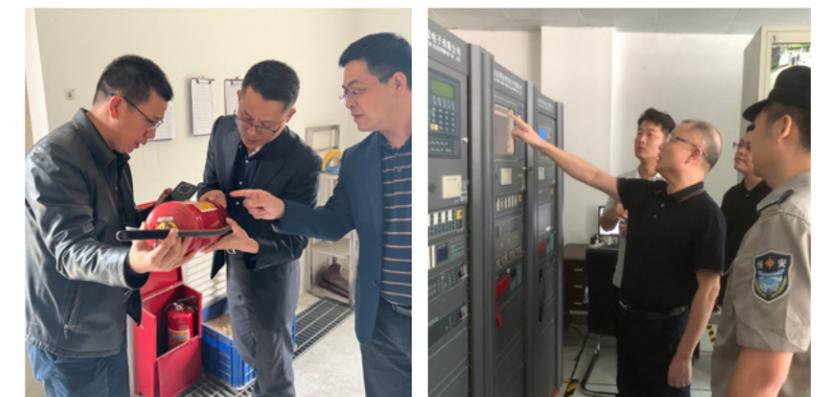
- A comprehensive assessment of the basic conditions and safety hazards of leased factories was conducted. Issues identified were immediately discussed with the lessees' responsible persons, who were required to implement corrective measures based on the inspection findings, strengthening the self-inspection of work safety.

Safety Self-Inspection of Welding and Hot Cutting Operations

- Strict implementation of the "five checks" work requirements was enforced, establishing a management ledger for certified welders and strengthening the operational safety management system to prevent the use of uncertified or fraudulent welders.

Limited Space Identification Work

- According to the "Safety Technical Specification for Work in Confined Spaces DB11T852-2019" and the "Safety Guidance Manual for Work in Confined Spaces" issued by the Xiamen Emergency Management Department, a systematic identification of confined spaces within Xindeco was conducted. A comprehensive confined space management ledger was established, identifying 77 confined spaces and rectifying 19 hazards.



In the automotive dealership business segment

Xindeco ITG Automobile Group established a work safety working group responsible for conducting regular and irregular comprehensive inspections of the workplace to identify and rectify existing safety hazards. Special emphasis was placed on strengthening safety inspections around major period such as New Year's Day, Spring Festival, Labor Day, flood season, Mid-Autumn Festival, and National Day, focusing on identifying and rectifying various safety hazards. In 2023, 93 safety hazards of various kinds identified with a 100% rectification rate, effectively preventing the occurrence of major accidents and significantly reducing the occurrence of general accidents.



In the information technology business segment

We placed high importance on safety inspections during holidays and specific periods, conducting 24 pre-holiday safety inspections in 2023 for festivals such as Chinese New Year, Qingming Festival, Dragon Boat Festival, and Labor Day. Eight safety self-inspections and self-corrections were conducted to deeply investigate and rectify potential safety risks. There were four special inspections for fire hazards, six for major accident hazards, and 21 for typhoon and flood prevention, ensuring the effective implementation of various safety measures. Additionally, to strengthen the safety management of rented enterprises, we conducted five special inspections, checking 126 general hazards, including 89 fire-related, 12 hazardous chemical-related, and 25 of other types, and strictly completed hazard rectification in a timely manner according to requirements.

We conducted pre-holiday safety inspections in 2023 for festivals such as Chinese New Year, Qingming Festival, Dragon Boat Festival, and Labor Day a total of

24 inspections

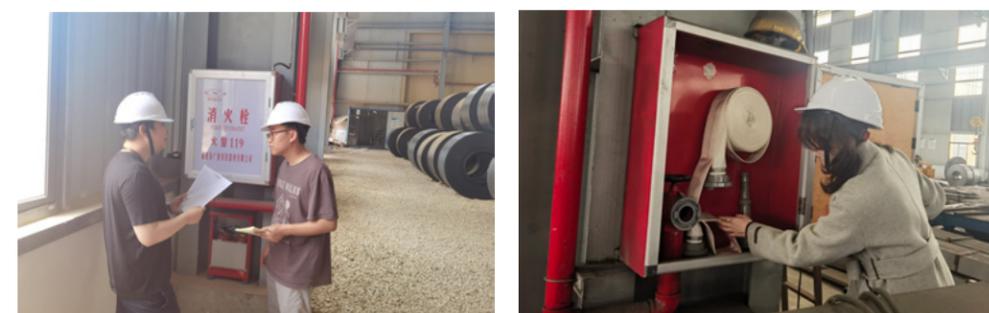
Performed safety self-inspections and self-corrections by

8 Times



In the supply chain business segment

A total of 12 work safety inspections were carried out in 2023, identifying 33 hazards, including 20 fire-related and 13 of other types. We implemented stationed management for the six self-managed warehouses in use and conducted irregular work safety inspections led by our leaders during important holidays, mid-year, and year-end, thoroughly investigating and eliminating various safety hazards. Prior to major holidays, as well as in June and December, we conducted in-depth work safety inspections at all operational sites to ensure work safety during holiday periods. Additionally, we actively cooperated with the property management department to conduct fire safety inspections of office spaces, arranged for someone to close fire doors after work each day, implemented fire and theft prevention measures, and urged all floors and departments to close doors and windows and cut off the power supply on the eve of holidays to ensure the safety of office spaces.



Safety Management Digitization

In 2023, we initiated a demand survey for the construction of a digital platform for safety management at headquarters and across all business segments. Xiamen Xindeco IOT progressively perfected the factory building safety and floor safety monitoring systems, achieving automatic monitoring of floor structural health, promptly providing feedback on anomalies, and issuing warnings. Xindeco Optoelectronics enhanced its pilot safety supervision platform, updating key content on safety risks, optimizing, and streamlining the approval process and the workflow of safety inspections. It timely warned against safety inspection omissions and errors, effectively identifying and addressing gaps to ensure comprehensive inspections without leaving any safety blind spots. Meanwhile, we actively promoted the development of a digital safety management platform, leveraging mobile internet technology, mobile communications, Internet of Things (IoT) technology, cloud services, and big data to strengthen the enterprise's full-process control over work safety. This shift from post-incident emergency response to proactive prevention, and from isolated point defense to comprehensive joint defense, enhanced the management level of the enterprise's work safety.



Emergency Management and Drills

Tailored to our business operations, we developed various emergency management systems, including "Work Safety Accident Emergency Plans," "Sudden Environmental Incident Emergency Plans," "Chemical Leak Emergency Plans," "Fire Emergency Plans," "Flood and Typhoon Emergency Plans," "Earthquake Emergency Plans," "Warehouse Emergency Plans," and "Acute Occupational Disease Hazard Accident Emergency Rescue Plans," guiding and standardizing emergency response work. Moreover, we regularly organized various emergency drills to enhance employees' emergency response capabilities. In 2023, we actively organized a variety of emergency drills, holding a total of 44 drills with 923 participants taking part in the drills.

In 2023, we organized emergency drills a total of

44 drills

With a total of

923 participants

In response to different types of risks and disasters, we adopt a graded response mechanism:

- For work safety accidents, we implement a graded response strategy from level I to IV, according to the "Regulations on the Reporting and Handling of Work safety Accidents," quickly organizing rescue and handling efforts. After the conclusion of disaster relief efforts for work safety accidents, each enterprise should analyze and summarize emergency rescue experiences and lessons, propose suggestions for improving emergency rescue work, and complete an emergency rescue summary report.
- We place a high priority on emergency rescue work for occupational disease hazards, for which we have developed the "Acute Occupational Disease Hazard Accident Emergency Rescue Plan" and established a comprehensive emergency rescue organization. For occupational hazards such as noise and dust, we categorize occupational disease hazard accidents caused by these factors into three levels from I to III, clarifying the response and handling procedures for each level to ensure rapid and effective emergency response and rescue in the event of occupational disease hazard accidents, maximizing the protection of employees' life safety and health.
- To address climate change and natural disasters such as earthquakes, typhoons, heavy rains, and floods, we categorize natural disasters into four levels from I to IV based on the severity and scope of damage. Through taking emergency protective measures, organizing rescue and recovery efforts, we ensure the safety of employees and minimizes property loss.



Safety Training and Education

We emphasize the cultivation of employees' safety awareness and skills, standardizing safety training content to effectively enhance employees' awareness and skills for a strong foundation in work safety work. Through meetings, lectures, on-site training, and online sharing, we provide employees with training on national work safety policies, laws, regulations, standards, work safety management, work safety technology, occupational health knowledge, emergency management, emergency plan formulation, emergency handling requirements, and analysis of typical accidents and emergency rescue cases. Additionally, leveraging key periods such as "Work safety Month" and "Fire Prevention Month," we organize various themed activities to strengthen employees' sense of safety responsibility. In 2023, we organized 84 offline safety training sessions, with 3,563 participants, totaling approximately 5,345 hours. During this reporting period, 1,698 employees participated in occupational health and safety training and emergency drills.

We organized

84

offline safety training sessions

With a total of

3,563

participants

Total training hours approximately

5,345

hours



Occupational Health Management

We highly value employees' occupational health, ensuring all employees work in a safe and healthy environment. Adhering strictly to the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases," "Regulations on Occupational Health Supervision and Management in Workplaces," and "Operational Standards for Occupational Health Technical Service Organizations," we have established a comprehensive occupational health and safety management system. We actively implement preventive measures to reduce the risk of occupational diseases. Manufacturing enterprises under Xindeco regularly assess health risks at workplaces, implementing specific control measures such as improving production processes, placing warning signs, providing protective equipment, and conducting occupational health training. We also regularly conduct employee health checks to ensure their well-being. In 2023, we increased the provision of protective tools in workshops, laboratories, and warehouses, including insulated gloves, safety helmets, safety goggles, protective masks, and dust masks. Throughout the year, there were no incidents of work-related injuries or occupational diseases.



Highlight

In the information technology business segment, we established employee occupational health management systems such as the "Occupational Disease Hazard Prevention Responsibility System," "Occupational Disease Hazard Warning and Notification System," "Occupational Disease Hazard Monitoring and Evaluation Management System," and the "Quality, Environmental, and Occupational Health and Safety Management Manual." We set up an occupational health management institution, continuously standardizing the management of occupational disease hazard prevention to protect employee health. Identifying involved occupational disease types, fulfilling the duty of notifying occupational disease hazards, clarifying procedures for occupational disease and work-related injury investigations, establishing employee occupational health surveillance records, and strictly performing the statutory duty of occupational health surveillance for workers exposed to occupational disease hazards, safeguarding workers' health rights and interests.

Injury and Occupational Disease Prevention

We strictly follow the "Classification standard for casualty accidents of enterprise workers" (GB/6441-1986) and "Regulations on Work-Related Injury Insurance" (State Council Order No. 586) among other relevant regulations, establishing and continually improving procedures for work-related injuries, occupational diseases, and accident investigations to strengthen the prevention and management of work-related accidents. In the information technology business segment, in the event of a work-related injury, we immediately respond, quickly transporting the injured to a tertiary-level hospital for professional treatment and simultaneously notifying the department head and the comprehensive management department. To ensure the thoroughness and accuracy of the accident investigation, we take key photos of the scene, the injured, witnesses, and injuries, and meticulously preserves all medical records, including initial consultation details and medical expense receipts. The comprehensive management department then records the work-related injury based on the actual circumstances of the injured employee and applies for work-related injury recognition. After determining the employee's paid leave period, we organize a work-related injury assessment and ultimately carry out work-related injury compensation according to legal procedures, fully protecting employees' legitimate rights and interests. Moving forward, we will continue to optimize work-related accident handling processes, improve prevention and response capabilities, and create a safer work environment for employees.

Diverse Cultural and Sports Activities



We care about the balance between employees' work and life, establishing a sports club and encouraging participation in various cultural and sports activities. In 2023, we issued outdoor activity cards to 560 employees, encouraging them to engage in more outdoor activities.

Innovation-driven, Suppliers and Customers

Innovation serves as a vital driving force for sustainable development and competitiveness within enterprises. With the mission of "Leading globally competitive industries, Creating a Better Life", we invest in research and development to closely align with the innovative development of the real economy, thereby facilitating its transformation and upgrading. We actively practice responsible procurement and foster long-term and stable relationships with suppliers based on integrity. We are committed to collaborating with industry partners across the supply chain to deliver outstanding products and services to customers, while minimizing the adverse impacts of the supply chain on the environment, employee health, and safety. We continuously strengthen the resilience of the supply chain, thereby promoting its sustainable development.



R&D and Innovation

We fully leverage our resources, channels, and core technological advantages, continuously invest in research and development, promote product technology and service innovation, achieve differentiated business development, and drive high-quality development.

In the information technology segment

we possess the core capabilities of the independent research, development, and production of RFID electronic tags and readers, the development of supporting hardware and software, and the provision of personalized integrated system solutions. Currently, Xiamen Xindeco IoT's RFID electronic tag production capacity ranks among the top in the industry, capable of meeting the product demands of multiple global-scale customers simultaneously, making it a leading brand in the domestic apparel retail industry for RFID overall solutions. Xindeco Information Technology Group adopts the systematic research and development concepts, methods, and models of IPD (Integrated Product Development), and employs a project-based approach to establish PDT (Product Development Team) for research and development project proposals. It forms cross-departmental research and development project teams to ensure that project execution complies with the development plan requirements. We have set up R&D management department, and our affiliated enterprises have established corresponding technology centers or departments. We encourage R&D innovation, establish and continuously improve the "Management Measures for Technological Progress Awards," set up three categories of technological progress awards, clarify corresponding award methods, stimulate the enthusiasm and creativity of a large number of technical personnel, motivate technical personnel to actively engage in R&D innovation work, enhance the company's technological innovation capabilities, and consistently promote the industrialization and marketization of R&D innovation achievements, thereby enhancing our company's market competitiveness.

In 2023

- Xiamen Xindeco IoT's "Electronic Label" was awarded the first prize of Xiamen Patent Award
- The project of "Key Technology Research and Industrial Application of High-Quality Chip-level LED Packaging" was granted the third prize of the Xiamen Science and Technology Progress Award
- "A single-port, circularly polarized, omni-directional tag antenna" won the "2023 20th IOTE Gold Award for Innovative Products" presented by the International Internet of Things Expo (IOTE)
- "COB-type Mini LED Full-flip IMD Integrated Packaging", developed by Xiamen Xindeco Optoelectronics, won the "Excellent Award of 10th China LED Initiative Award"

In the automotive dealership segment

our digital automobile platform integrates various aspects of the business chain, including lead management, vehicle sales, aftersales service management, used car management, procurement of automobile accessories, financial management, customer service, and marketing. This integration covers all aspects of 4S stores and achieves four-integration management: the group-wide management integration, the business operation integration, the integration of business, financial, taxation, and treasury, and the online-offline integration. The digital platform improves overall business collaboration and information exchange, thereby enhancing operations management. By applying various digital and intelligent technologies, it achieves automation and intelligence in multiple business functions. Additionally, through the development of modules such as customer service, used car management, CRM, and mini-programs, we actively expand into the field of intelligent marketing, greatly improving efficiency and achieving cost reduction, quality enhancement, and efficiency improvement.

In the supply chain segment

our self-managed warehouse intelligent storage system is a smart warehouse monitoring and management platform developed for logistics and warehouse risk control scenarios. The system achieves automatic data collection and visual supervision of vehicle, goods, and personnel flow through integrating intelligent cameras, gates, weighbridges, electronic cranes, AI servers, etc., and utilizing IoT, big data, and artificial intelligence technologies to bridge hardware and software. It enables goods identification, positioning, and risk warning, ensures the authenticity, security, and reliability of physical logistic data to achieve cost reduction and efficiency improvement.

Supply Chain Risk Management

We insist on promoting high-quality development and focusing on enhancing the resilience and security levels of the industrial chain and supply chain. By further improving the credit assessment system and strengthening the risk review mechanism, we strive to reduce and eliminate actual and potential risks, thereby promoting the healthy development of the supply chain. We have established a dedicated customer credit assessment team to evaluate the credit status of our company's trading counterparts, providing reference for risk review decisions of projects and improving the quality and efficiency of risk assessment to mitigate transaction risks.

Supplier and Customer Management

- Data Collection**
 - Business departments initiate the review process, fill out the "Customer Information Form," and provide materials including third-party credit evaluation reports, commercial registration information of customers and suppliers, financial statements, etc.
- On-Site Inspection**
 - Business departments conduct on-site inspections before credit evaluation, with the Risk Management and Compliance Department participating and issuing visit reports. The focus includes but is not limited to the customers' and suppliers' development history, production and operational capabilities, financial risk management, significant adverse factors, etc.
- Evaluation Criteria**
 - The 5C method of credit evaluation is adopted, which comprehensively evaluates business capability, integrity record, financial condition, operational environment, guarantee, and insurance. Based on the assessment, a main score is obtained, with ratings ranging from AAA to C in nine categories from highest to lowest, and credit ratings are then determined accordingly.
- Result Application**
 - A credit assessment report will be issued to present the business operations, financial reports, and judicial risks of the customers and suppliers, serving as a reference basis for decision-making in risk assessment meetings.
- Dynamic Monitoring**
 - The business department and the risk management and compliance department dynamically monitor the situation of customers and suppliers. Once there are changes in cooperation conditions or significant adverse changes, corresponding measures are promptly formulated according to relevant management methods, and credit reassessment is initiated as needed.

Responsible Sourcing

All our business operations are conducted in compliance with domestic laws and regulations and adhere to international initiatives and standards. Building upon this foundation, we integrate human rights protection throughout the entire value chain, extending it to our partners. We advocate for the creation of an environment characterized by integrity, transparency, equality, and respect, actively fostering long-term and stable cooperative relationships. We encourage each segment to incorporate environmental and social responsibilities into the evaluation criteria for partners, prioritizing collaboration with suppliers that demonstrate outstanding performance in sustainable development. Our aim is to provide customers with high-quality, responsible, and environmentally and socially friendly products and services.

In the automotive dealership segment

we are dedicated to establishing a supply chain characterized by fairness, transparency, and flexibility. Our focus extends beyond the compliance status, product pricing, and delivery capabilities of our partners to encompass their performance in areas such as eco-friendliness, human rights protection, and occupational health and safety. These considerations are reflected in our supplier admission standards. For automobile spare parts and other supply chain collaborators, we have developed Supplier Management Regulations, which outline standardized qualification assessments. We mandate the signing of documents such as the "Security Construction and Compliance Operating Service Commitment," "Integrity Cooperation and Fair Competition Commitment," and "Integrity Agreement" to encourage adherence to responsibilities concerning occupational health and safety, ethical business practices, and environmental conservation.

In the supply chain segment

regulations and procedures such as the "Supply Chain Business Logistics Management Regulations," "Supply Chain Business Credit Management Measures," "Customer Credit Evaluation Team Work Guidelines," and have been established based on principles of fairness, transparency, integrity, and compliance.

- Supplier and customer admission mechanism:** We establish a credit assessment team to conduct independent investigations, evaluate not only the business operations and legal risks of supplier and customer, but also incorporate their performance in environmental protection and safety production into the evaluation criteria, assess the actual and potential risks in the supply chain, and commission third parties to conduct credit investigations.
- Supplier and customer dynamic supervision:** In line with internal credit management regulations, we conduct regular follow-ups and periodic spot checks through email, on-site audits, etc. We complete at least one round of customer re-evaluation annually, and take delisting actions for suppliers who fail the review and have ineffective rectifications.
- Logistics supplier supervision:** We conduct regular assessments and scoring based on factors such as the supplier's business nature, credit strength, qualification requirements, transaction records, storage conditions, and management quality, as well as supplementary factors including quality system certification status, customs recognition, industry position, tax payment status, and digital warehouse management capabilities, and implement a veto system for key issues such as dishonest enterprises and safety hazards.

In the information technology segment

we have established standardized procurement processes and formulated the "Supplier Management Regulations" and "Supplier Evaluation and Monitoring Measures." We require suppliers to sign integrity agreements, adhere to business ethics, and reject all forms of corruption, bribery, and other illicit activities, thus jointly promoting the construction of a sustainable supply chain management system.

- Supplier Evaluation and Supervision:** We incorporate supplier service capabilities, product quality, environmental protection, occupational health, and other performance indicators into the assessment criteria. Through desktop evaluations and on-site inspections, we formulate supplier evaluation plans and conduct evaluations on a quarterly and annual basis. We update the list of qualified suppliers and remove unqualified ones annually. For suppliers who do not meet the evaluation criteria, we provide corrective action plans to guide them in making improvements to meet the basic requirements of our supplier management, thereby eliminating potential negative impacts.
- Supply Chain Environmental Protection Practices:** Since 2019, we have issued "Environmental Protection Initiatives" to our partners, assessing their management of greenhouse gases, wastewater, emissions, noise, hazardous waste, and other areas. We review their implemented environmental management measures and planned improvement programs to promote the environmental management level of partners.

Supplier Daily Supervision of Xiamen Xindeco IoT

Supervision of Product Quality

- Verify the goods provided by suppliers according to the "Inspection and Testing Control Procedures" and regularly record the compliance status.
- Take corresponding measures for suppliers' delivery performance. Issue a verbal warning if the performance evaluation is below 90% and for three consecutive instances of product quality non-compliance, a "Supplier Delivery Abnormal Feedback Form" will be issued, requiring the supplier to take relevant corrective actions.

Supervision of Timely Delivery of Materials

- Monitor and regularly record on delivery performance.
- Measures are taken for suppliers' delivery performance. Verbal warning and contractual penalties for failure to deliver on time; if there are three consecutive instances of late delivery, a "Supplier Delivery Exception Feedback Form" is issued, and the supplier is required to take corrective actions accordingly.

Supplier ESG Performance Management of Xiamen Xindeco Optoelectronics

ESG Performance Management of On-Site Operations of Service Contractors

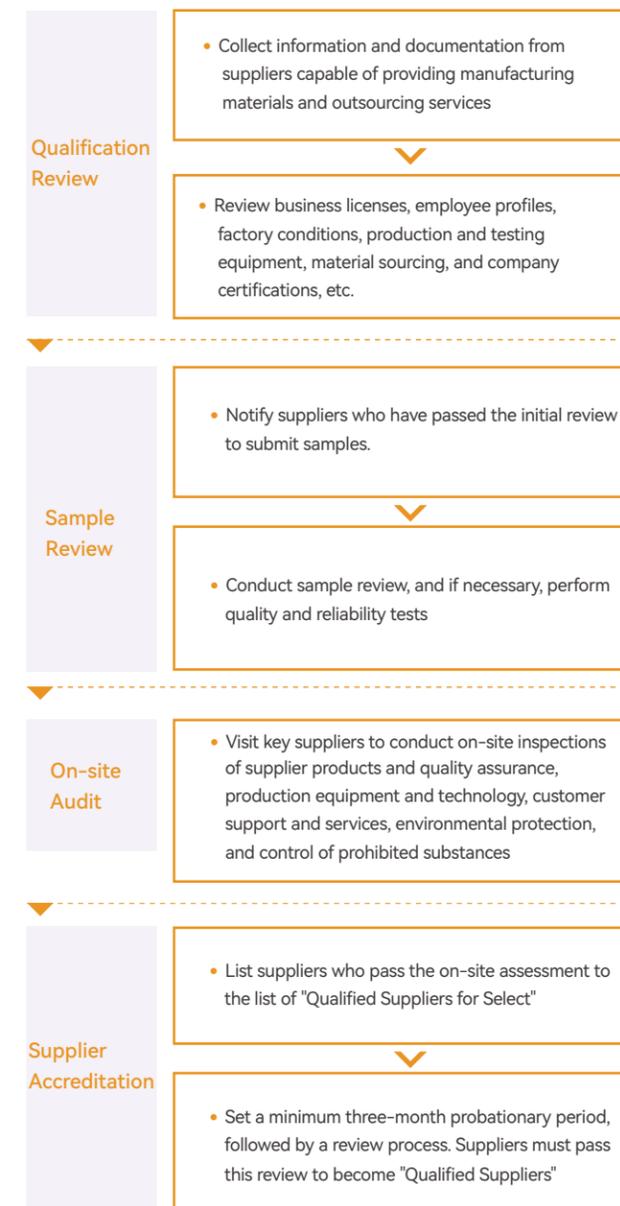
- "Supplier On-Site Operation Instructions" must be issued to temporary contractors, informing them of environmental protection precautions and supervising their operational processes.
- A "Supplementary Agreement" must be signed by long-term contractors, and training must be completed before their personnel are deployed to the site.

ESG Performance Management of Other Service Contractors

- "Environmental Agreement" must be signed by vehicle and elevator maintenance service providers, stipulating that during maintenance and servicing, they must thoroughly absorb oil substances on vehicles, elevator cabin, etc., using cleaning cloths to minimize oil discharge into water. Wastewater from cleaning must meet strict standards before being discharged into sewage pipes. Contractors are required to lawfully dispose of hazardous waste generated during vehicle and elevator maintenance processes, prohibiting arbitrary disposal.
- "Environmental Agreement" must be signed by construction contractors, requiring them to prevent and control pollutants such as noise, dust, wastewater, and construction debris generated during the construction process.
- Monitor and verify the legality of data collected from unlimited waste buyers and hazardous chemical transportation contractors.

We have established a "Procurement Control Procedure" that outlines strict evaluation and review requirements for suppliers throughout their entire lifecycle, from entry to exit. Key material suppliers must undergo on-site audits after sample approval and provide a product testing report for the intended purchase before formal procurement begins. Additionally, we conduct comprehensive annual assessments of suppliers, focusing on product quality, supply stability and timeliness, end-to-end sales service capabilities, as well as responsiveness and cooperation ability.

New Supplier Admission Audit Process



Green Procurement



Our "Paper Antenna Electronic Tag" developed and produced strictly adheres to the requirements of the FSC Chain of Custody (CoC) standard, committing to increasing the use of FSC-certified materials and material content, and implementing the requirements of FSC-STD-40-005. We prohibit the procurement of raw materials from the following sources:

- Raw material from forests with ownership or management rights in dispute.
- Raw material from non-certified forests with high conservation values.
- The materials from illegally harvested forests.
- Reclamation of natural forests or non for forest use.
- The materials have been genetically modified.

High-quality Customer Service

In our business operations, we always prioritize the needs of our customers, striving to provide efficient and professional services to ensure that every customer's requirements receive prompt and accurate responses.

In the automotive dealership segment

we uphold the principle of "leading a high-quality automobile lifestyle," and strive to deliver service experiences that surpass expectations for every car buyer. We have developed a comprehensive customer service protocol, encompassing expert vehicle consultations, tailored vehicle configuration recommendations, transparent pricing policies, swift financial service solutions, and comprehensive after-sales support and routine maintenance plans. We set monthly follow-up performance targets to continuously track service quality through post-sales telephone follow-ups, actively address customer concerns, and ensure sustained improvement in customer satisfaction.

In 2023, we conducted customer satisfaction surveys and follow-ups to understand our performance across six key stages: appointment scheduling, reception and pre-inspection, waiting area amenities, billing and vehicle delivery, service quality, and loss assessment. Based on the survey results, we promptly adjusted our service strategies and processes to ensure that we meet the expectations and needs of our customers.

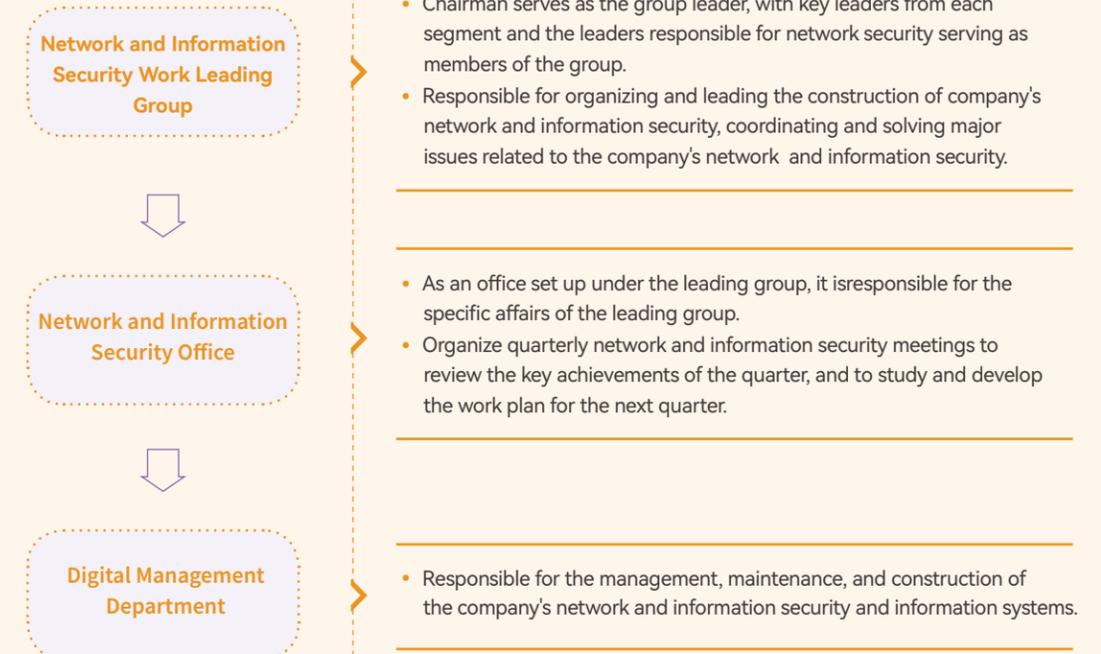
In the information technology segment

we regularly conduct customer satisfaction surveys to gain insight into customer needs to improve service quality and product performance. We collect customer feedback through questionnaire surveys to promptly understand satisfaction and feedback across multiple dimensions such as product quality, after-sales service, on-time delivery, complaint handling, and returns processing. Based on the survey results, we promptly formulate improvement measures. In 2023, we distributed satisfaction survey questionnaires to 15 customers, achieving a coverage rate of 75% and a satisfaction rate of 98.6%.

Information Security Management

We attach great importance to information security and strictly comply with relevant laws and regulations such as the "Cybersecurity Law of the People's Republic of China." We continuously promote the construction of the information security management system, establish a well-defined information security management architecture, and formulate and consistently improve internal information security management systems such as the "Information Security Technology Management System" and the "Information Security Personnel Management System." We have made clear provisions in areas such as information management, account management, network security detection, data center management, reporting of illegal cases, and information security education. Information security management indicators are incorporated into the performance evaluation of relevant management personnel to standardize and strengthen information security management practices and enhance the management of information security. It ensures the security and stable operation of the company's information systems and effectively safeguards the information security. During the reporting period, there were no information security incidents that occurred in our company.

Information Security Management Structure



During the reporting period, we further implemented the work system of the Network and Information Security Work Leading Group, integrating the analysis, deployment, and assessment of network security work into our key tasks. We regularly organized special meetings on network security to define the key objectives and tasks for network security work. We formulated the "2023 Annual Network Security Work Responsibility Assessment Plan for Each Investment Enterprise of Xiamen Xindeco Ltd," clarifying the annual network security objectives and indicators for each investment enterprise under the company. This includes specifying the institutions and responsibilities for network security information reporting, implementing information security protection measures, performing information security inspections, conducting or participating in incident response drills, and undertaking regular propaganda and education. We execute comprehensive evaluations and assessments of each invested enterprise through verification of self-assessment material, on-site inspections, coordinated assessments with functional departments, and a combination of special inspections and daily work supervision to establish a network security management mechanism that emphasizes top-down accountability and layered implementation, with each level responsible for ensuring compliance.

Information Security Risk Management

We work to improve our information security risk management mechanism to strengthen information security risk management, which involves identifying, monitoring, preventing, and responding to information security risks or incidents before, during, and after they occur, aiming to minimize the occurrence of information security incidents and reduce their adverse impact on company operations.

We have built a proactive, in-depth, and precise cybersecurity defense system, incorporating various cybersecurity protection devices and software technologies, along with optimized security operations, to achieve accurate perception of the cybersecurity situation and ensure the stable operation of our systems.

- We strengthened the network edge and endpoint security protection, cleaned and optimized 164 ineffective protection strategies, blocked 348 IP addresses with high-risk attacks, conducted regular virus scans on servers and user endpoints, and addressed 1,714 suspicious threat incidents.

- We enhanced the construction of the Security Operations Center, integrated security equipment and online/offline security personnel for centralized operations, conducted 24/7 monitoring of the four core risk elements - "assets, vulnerabilities, threats, and incidents," and addressed 20 security risk incidents with a 100% closure rate. We leveraged the Security Operations Center's 24/7 automated monitoring and response capabilities, and synchronized cooperation between online and offline to ensure the security of the company's network.

Information Security Inspection

We conduct regular inspections of terminals, servers, network equipment, and other devices to identify cybersecurity vulnerabilities and promptly implement remediation and preventive measures to mitigate threats posed to the company's network by these vulnerabilities.

In 2023, we organized 29 rounds of self-inspection and supervision of cybersecurity vulnerabilities, cooperated with superiors to implement various arrangements for cybersecurity work, and completed 21 security reinforcement measures. We also regularly conducted external application vulnerability scanning, code audits, penetration testing, and specialized inspections for network security risks to eliminate security vulnerabilities.

We organized

29

rounds of self-inspection and supervision of cybersecurity vulnerabilities

We completed

21

security reinforcement measures

Information Security Incident Response

We have formulated the "Incident Response Plan for Network and Information Systems" to establish a sound mechanism for responding to information security incidents and coordinating across departments. This ensures timely and effective responses to information security incidents, mitigating and minimizing the damages and risks they pose.

- Implement daily monitoring of network and information systems, and promptly track warnings.
- Timely report the important information observed or information security incidents to the Network and Information Security Work Leading Group.
- Following the identification of a security incident, promptly coordinate the investigation of the fault's root cause, assess the severity of the issue, and promptly initiate the relevant incident response plan to implement mitigation measures, control the situation, and eliminate the vulnerabilities.
- Upon completion of the incident response, establish an incident investigation team to conduct a comprehensive analysis and summary, refine the incident response plan, and address any identified deficiencies.
- Regularly organize incident response drills to test and improve incident response plan, and improve the incident response capability and readiness.

Information Security Education and Training

We continuously enrich the channels and innovate the forms to promote the normalization of information security publicity, enhance the awareness and sense of responsibility of all employees in information security, and improve their prevention capabilities.

- Conduct the annual Cybersecurity Awareness Week activities, produce promotional manuals, videos, etc., for wide dissemination within the company, fostering a strong atmosphere for all employees to collectively establish a cybersecurity defense line.

- Organize or participate in various cybersecurity training courses to popularize cybersecurity knowledge and enhance the cybersecurity skills of personnel in relevant department.



Information Security Technology Training

Customer Information Protection

In the automotive dealership segment, we have formulated the "Network Security Management Regulations" and the "Enterprise WeChat Operation Management Regulations (Trial)" to safeguard customer privacy and information security. We prohibit any store from unauthorized copying or improper use of customers' personal information, and require all employees not to access or view customer information that is not required for the current service to guarantee strict protection of customer privacy. Additionally, during customer satisfaction surveys or follow-ups, we pay special attention to collecting feedback from customers regarding personal information security to promptly identify and address potential information leakage issues. Furthermore, we regularly conduct screenings of our information systems to ensure that there are no unauthorized logins, improper information usage, or leaks, thereby comprehensively safeguarding the security and privacy of customer information.

Support for Industry Development

We are committed to advancing core business development, continuously deepening industrial presence, and actively engaging in industry innovation and collaboration. We exchange and share knowledge and technology to contribute our efforts to driving the development of the industry.

Participation in Industry Associations

Company	Industry Associations	Membership Level
Xindeco	Xiamen Import & Export Chamber of Commerce	Vice President Unit
	Xiamen Modern Supply Chain Federation	Vice President Unit
	Xiamen Chamber of International Commerce	Vice President Unit
Xindeco ITG Automobile Group	China Automobile Dealers Association	Vice President Unit
	Xiamen Automobile Dealers Association	Permanent Vice President Unit
Xiamen Xindeco IoT	RAIN RFID Alliance	Members of the Association and Asian Working Group
	Fujian Provincial Information Industry Association	Vice President Unit
	Xiamen IoT Industry Association	Permanent Vice President Unit
Xiamen Xindeco Optoelectronics	China Video Industry Association	Member Unit
	National Lighting Appliance Standardization Technical Committee, Lighting Fundamentals Sub-Technical Committee	Committee Member Unit
	Xiamen Technology Innovation Association	Director Unit
	Xiamen High Tech Development Association	Member Unit
	Xiamen Optoelectronic Semiconductor Industry Association	Member Unit

Highlight

In November 2023, the 2023 China Automobile Circulation Industry Annual Conference and Expo was held in Zhuhai. Under the theme of "New Era, New Automobiles, New Services," the conference brought together industry elites from various fields to gather in Zhuhai, sharing insights, consolidating consensus, providing professional analysis, forward-looking predictions, and strengthening cooperation. Additionally, outstanding enterprises were honored during the forum. Our automotive dealership business was recognized for its outstanding performance in industry innovation and new media marketing, winning two awards of "2023 Outstanding Member for Innovation in the Chinese Automobile Circulation Industry" and "Outstanding Member for New Media Marketing."



Highlight

In March 2023, we were invited to attend the 17th International Iron Ore Market Seminar. The event was jointly organized by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, Shandong Port Qingdao Port Group Co., Ltd., and Shanghai Ganglian E-commerce Holdings Co., Ltd. It brought together participants from iron ore production and trading enterprises, steel production enterprises, authoritative economists, experts from domestic and foreign financial institutions, and other stakeholders across the industry chain, making it the most renowned and influential brand summit in the industry. The conference provided a platform for comprehensive discussions and analyses of the current status and future trends of the black metal market from various angles, including macroeconomic factors and industrial development. During the event, our company was recognized with the prestigious title of "Top 20 Global Iron Ore Suppliers" for the seventh consecutive year, highlighting our longstanding commitment and ethical business practices in the iron ore industry.



Highlight

In June 2023, the 1st National Conference on the Hot Rolled Plate Industry Chain of Steel China was grandly held in Shanghai. The conference, under the guidance of the Shanghai Futures Exchange, was jointly organized by Shanghai Ganglian E-commerce Holdings Co., Ltd., Guangxi Shenglong Metallurgy Co., Ltd., and Shanghai Gangyu Industrial Group Co., Ltd. Our company was invited to attend the conference. The conference gathered prominent scholars, experienced industry analysts, steel manufacturers, steel traders, downstream users, and other enterprises to discuss the development path of the hot-rolled plate industry under new circumstances from multiple perspectives, including industry trends, product applications, technological advancements, and the integration of futures markets and spot markets. At the conference, our company was honored with the title of "Outstanding Trading Enterprise of Hot Rolled Coil in China for the years 2022-2023" due to our years of dedication and excellence in the steel industry.

Outstanding Trading Enterprise of Hot Rolled Coil in China for the years 2022-2023



Highlight

In September 2023, the 4th China Supply Chain Management Annual Conference and the National Exhibition of Excellent Achievements in Supply Chain Innovation and Application were held at the Xiamen International Convention and Exhibition Center. Co-hosted by the China Federation of Logistics and Purchasing and the People's Government of Xiamen City, the exhibition focused on the advanced experiences and typical practices of leading enterprises in the domestic supply chain management field, aiming to promote industry exchanges and advance optimization and innovation in supply chain management. As one of the demonstration enterprises for supply chain innovation and application in Xiamen, our company showcased outstanding achievements in integrated industry services, the "Internet + Distribution" smart supply chain model, and digital construction.

Highlight



Contributor in Compiling the 2023 China IOTE IoT Product White Paper

2023 20th IOTE Gold Award for Innovative Products

In September 2023, the 20th International IoT Exhibition (IOTE 2023) concluded at the Shenzhen Bao'an International Convention and Exhibition Center. During the exhibition, Xiamen Xindeco IoT showcased a variety of RFID products that garnered significant attention, including LED illuminated tags, medical labels, and the high-performance M800 series inlay. Additionally, Xiamen Xindeco IoT presented environmentally friendly tags, contributing to sustainable development efforts. At this exhibition, Xiamen Xindeco IoT was honored with two awards of "Contributor in Compiling the 2023 China IOTE IoT Product White Paper" and the "2023 20th IOTE Gold Award for Innovative Products."

Rural Revitalization and Public Service

We uphold the core values of "Leadership, Responsibilities, Hardworking and Partnership" and actively promote the establishment of harmonious and mutually beneficial community relations in the local area. We fully leverage our industrial and resource advantages to support rural revitalization and enhance urban and community well-being through initiatives such as industrial assistance, educational support, and charitable contributions, fulfilling the social responsibility and obligations of state-owned enterprises.



Industry Assistance for Rural Revitalization

We actively respond to the national rural revitalization strategy and provide targeted assistance to Jinbing Village in Xiang'an District, Xiamen. We assist Jinbing Village in tapping into the potential of eco-agriculture, revitalize and integrate various resources, and continuously enhance its "self-sustaining" capabilities. We help the village create "One Village, One Product" agricultural projects, launch the "Millennium Jinbing" special agricultural product series, facilitate the successful entry of these products into the ITG Hub's "Aid for Farmers and Agriculture Zone," and achieve online operations. We continuously optimize the assistance mechanism, with the trade union and subsidiary companies providing assistance to Jinbing Village through methods like procurement, helping the village achieve the municipal committee's goal of generating 500,000 RMB in village revenue.

Bring Cars to Countryside for Public Convenience

We leverage the advantages of the automobile service industry to implement the New Energy Vehicles (NEV) going to countryside project. We establish NEV promotion zones, set up recruitment consultation desks and knowledge dissemination boards, and promote policies and regulations related to NEVs going to countryside, providing employment opportunities for local residents. Additionally, we engage in community building by organizing the "Red Engine for the People" welfare initiative, offering convenient services such as free assessment of used cars, vehicle inspection guidance, and experience sessions for NEVs, thus bridging the "last mile" gap in community services.



Caring Guardians of Children



Since August 1999, we have established the "Hand in Hand" caring assistance project with the Bayi Hope Primary School in Shiren Village, Changting County, Fujian Province, marking 24 years of assistance by 2023. Through corporate funding to support the school and employee-to-student caring assistance, we effectively address the needs of disadvantaged students. At the end of 2023, a total of 909 participants from our company have joined this caring assistance project, benefiting 1,295 disadvantaged students, with donations exceeding 1.70 million RMB.



- In early March, our employees donated funds and goods through one-on-one and one-to-many pairing initiatives to support financially disadvantaged students.
- In October, the caring team visited the school to conduct face-to-face educational support. We assisted in coordinating, mobilizing resources, and providing manpower and logistical support.
- In the 2022-2023 academic year, we allocated 200,000 RMB to renovate the school's sanitation and bathroom facilities. We carried out systematic renovations to address issues such as insufficient bathroom equipment, severe shortages in water and electricity supply, drainage blockages, and leaks during rainy weather, to improve the convenience of washing and bathing for teachers and students.



Community Connection for Mutual Prosperity

2023

Our local employee hiring ratio stood at

61.6%

While respecting local cultural traditions and ecological environment, we prioritize local businesses for product and service procurement, as well as technical support collaboration, to stimulate economic growth and enhance community livelihoods. We establish an open and proactive communication mechanism to ensure prompt understanding of community needs and reception of community feedback. Through targeted community welfare activities, we endeavor to identify and mitigate any adverse impacts of business activities on the community. Furthermore, we strive to effectively harness various resources within the community to build equitable, respectful, harmonious, and mutually beneficial community relations. In 2023, our local employee hiring ratio stood at 61.6%.



We actively expand into the Southeast Asian market and set up local office to conduct in-depth exploration and development of the local market, supporting local resource circulation and both domestic and international trade to facilitate industry cooperation and negotiations. Additionally, adhering to the principle of shared development with the community, we prioritize local recruitment to offer employment opportunities and contribute to enhancing the skills and employability of community members through technical training and education.

Community Service for Public Welfare

We continue to organize various voluntary services and charitable activities such as education and medical support, promote community engagement, improve the local environment, enhance residents' quality of life, and foster more harmonious community relations. In 2023, we held a total of 110 voluntary service activities, with a cumulative service duration of 921 hours.



- Hosted the 2023 ITG Holdings voluntary blood donation event, with 117 participants contributing a total of 24,500 milliliters of blood.
- Established the Xiamen Xindeco IoT Science Education Base to provide a professional learning place for science education.
- Launched the "Lighting Little Wishes" activity for Children's Day, providing gifts to 10 underprivileged students from the Hubian Community.
- Organized the "Warmth for the Elderly on Double Ninth Festival" activity, visiting and offering greetings to the elderly in the Hubian Community.
- Collaborated with the Shanting Community in the Min'an Street, Xiang'an District, for the "Good Food for a Good Cause" public welfare themed event, providing warmth to elderly and disabled individuals.
- Organized the Party member volunteers to visit and comfort orphans at the Xiamen Children's Welfare Institute.
- Carried out the "One Party Branch, A Plot of Farmland" activity in Pingnan County, with 281 Party members participating, collectively claiming and managing 10 mu of paddy fields, yielding a total of 2,250 kilograms of rice.
- Collaborated with the Hubian and Gaolin communities for the "Clean Homes and Create Civilization" campaign, addressing weaknesses in environmental hygiene, and distributing brochures to promote civilized traffic, behavioral changes, responsible pet ownership, and waste classification.
- Selected the junction of Jinshan Road and Xianyue Road for paired joint efforts in traffic management, conducting voluntary traffic supervision to discourage uncivilized behaviors such as riding electric vehicles without helmets, littering, and running red lights.
- Organized thematic volunteer service activities and educational talks on underage knowledge in the paired assisted villages on every Children's Day.
- Joined the elderly residents of the paired assisted villages to make traditional rice dumplings and celebrate the festival together on every Dragon Boat Festival.
- Awarded "Inspiration Scholarships" to 11 outstanding students from economically disadvantaged families in the paired assisted villages.

GOVERNANCE 03

2023 Key Performance for Governance Issues

1

No conflicts of interest incidents occurred throughout the year.

2

No incidents of commercial bribery or corruption occurred throughout the year.

3

No lawsuits or administrative penalties occurred due to unfair competition practices throughout the year.

4

Anti-corruption and anti-bribery requirements communicated to 100% of employees within the year.

5

No incidents of infringement on others' intellectual property rights occurred throughout the year.

6

No incidents of tax violations occurred throughout the year.

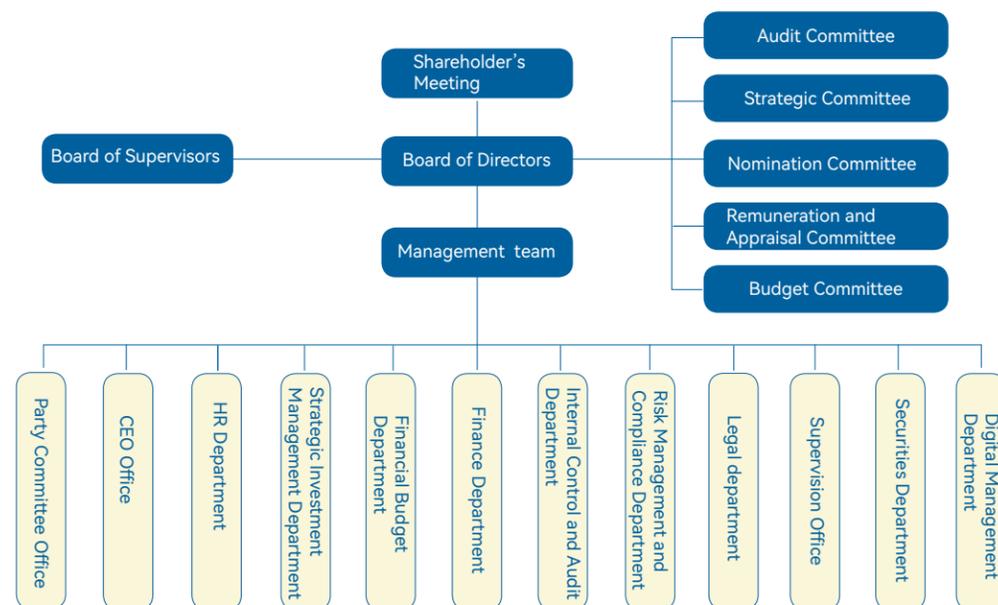
Governance Mechanisms of Sustainability

We adhere to the concept of sustainable development and continuously improve our governance mechanisms by establishing a sustainable governance structure from the board of directors to the executive level, aiming to enhance the management of sustainable development issues and ensure our steady operation and sustainable growth.



Governance Structure

We adhere to relevant laws, regulations, and regulatory requirements such as the "Company Law of the People's Republic of China" and the "Securities Law of the People's Republic of China." We have established a corporate governance structure composed of the shareholders' meeting, the board of directors, the board of supervisors, and the management team based on the "Company's Articles of Association" and the detailed rules such as the "Rules of Procedure for the Board of Directors," the "Rules of Procedure for the Board of Supervisors," the "Rules of Procedure for the Shareholders' Meeting," and the "Rules of Procedure for the General Manager's Office Meeting." The responsibilities of the shareholders' meeting, the board of directors, the board of supervisors, and the management team are clearly defined, and effective checks and balances are in place to ensure the company's standardized operation. We standardize the convening and holding of shareholders' meetings, providing convenience for shareholders to attend and vote through online voting, thereby ensuring that all shareholders fully exercise their right to be informed, participate, vote, and supervise the company's major matters, safeguarding the legitimate rights and interests of shareholders.



Held
17 board meetings

Reviewed
68 proposals

The board of directors has established five specialized board committees which is the Strategic Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Budget Committee. Each specialized committee strictly adheres to relevant laws, regulations, regulatory rules, and internal rules of procedure. They diligently fulfill their duties in accordance with regulations, conduct research on relevant sustainable development issues, and provide guidance and supervision on the management of various sustainable development topics to support the board of directors in making scientifically sound decisions. During the reporting period, we revised internal governance systems including the "Articles of Association," "Rules of Procedure for the Board of Directors," and the implementation rules for various specialized committees such as the "Independent Director System," "Related Transactions Management System," "Derivatives Investment Management System," "Information Disclosure Affairs Management System," and "Debt Financing Instruments Information Disclosure Management System," continuously improving our governance system. we held a total of 17 board meetings, reviewing 68 proposals; 6 strategic committee meetings, reviewing 13 proposals; 12 audit committee meetings, reviewing 28 proposals; 3 nomination committee meetings, reviewing 4 proposals; 6 remuneration and appraisal committee meetings, reviewing 10 proposals; and 2 budget committee meetings, reviewing 3 proposals.



Appointment of Directors and Senior Management

We specify and regulate the nomination and appointment procedures for directors and senior management through governance policies such as the "Articles of Association" and "Nomination Committee Implementation Rules." The board of directors has set up a Nomination Committee responsible for formulating selection criteria and procedures for directors and senior management, considering diverse factors such as educational background, professional expertise, and work experience to select and review candidates for these roles. Director candidates nominated by the Nomination Committee are voted upon by the shareholders' meeting after approval by the board of directors, while senior management are appointed by the board of directors upon approval.



Diversity and Specialization

The board of directors consists of 9 directors, with diverse professional backgrounds including business administration, economics, legal affairs, and financial accounting. They possess extensive experience in operations management, risk management and compliance, and financial management. Among them, 3 are independent directors, accounting for 33.33% of the board members. These independent directors, who are seasoned professionals in fields such as accounting and business administration, serve as the conveners of the audit committee, nomination committee, remuneration and appraisal committee, and budget committee, fulfilling their duties conscientiously and playing an active role in the operation of each board committee.

The senior management team has rich experience in operations management, risk management and compliance, and financial management, with expertise covering various professional fields including business administration, accounting, and law.



Name	Occupation	Age	Professional Background				Board Committees					Attendance (Board meetings and Board committee meetings)	
			Industry Experience	Operations Management	Risk Management and Compliance	Financial Accounting	Strategic Committee	Audit Committee	remuneration and appraisal committee	budget committee	nomination committee		
Li Zhihuang(Male)	Chairman	57	●	●	●	●	●						100%
Wang Mingcheng (Male)	Deputy Chairman	54	●	●	●	●					●		100%
Zeng Tingyi (Male)	Director	50	●	●	●	●				●			100%
Zhan Zhidong (Male)	Director	49	●	●	●		●						100%
Zeng Yuan (Male)	Director	42		●	●	●		●	●	●			100%
Su Yi(Male)	Director	34		●	●								100%
Liu Dajin(Male)	Independent Director	58				●		●	●	●			100%
Cheng Wenwen (Male)	Independent Director	59		●			●		●		●		100%
Yuan Xinwen (Male)	Independent Director	61				●		●			●		100%
Wu Xiaoqiang (Male)	Vice President	45		●	●								/
Jiang Feng (Male)	Vice President	48	●	●									/
Huang Junfeng (Male)	Vice President	46	●	●									/
Lin Weiqing (Male)	Vice President and CFO	53			●	●							/
Wang Xiaoshun (Male)	Vice President and Board Secretary	42	●	●	●								/

The number of training sessions attended

10

25 participants

To continually improve the performance capabilities of directors, supervisors, and senior management, we proactively facilitated their participation in diverse training sessions focused on regulatory compliance, corporate governance, and performance standards held by the China Securities Regulatory Commission, Shenzhen Stock Exchange, and Listed Companies Association during the reporting period. The number of training sessions attended was 10, with a total of 25 participants. Additionally, we arranged for directors and senior management to actively participate in internal management training programs such as the "Pilot Program" and "Xindeco Influence Program."

Compensation of Directors and Senior Management

The compensation of our directors is implemented according to the standards approved by the shareholders' meeting and the compensation of senior management is proposed by the Remuneration and Appraisal Committee of the Board of Directors based on factors such as the positions, the responsibilities, market salary trends, etc., and is subject to annual performance assessment and performance-based rewards based on the company's performance for that year. The proposal is then reviewed and approved by the board of directors.

To establish a sound incentive and restraint mechanism aligned with the company's development strategy, and to fully motivate the initiative and creativity of directors and senior management, effectively aligning the interests of the board of directors and senior management with those of shareholders to promote the long-term value growth of the company, we have respectively formulated and implemented the "2020 Restricted Stock Incentive Plan" and the "2022 Restricted Stock Incentive Plan". During the reporting period, in response to changes in the external operating environment and adjustments to internal operating strategies, we revised certain performance indicators of the incentive plans to make them more objective, comprehensive, and balanced in reflecting the company's growth, comprehensiveness, and operational quality, ensuring the effective implementation of incentives.

Related-Party Transaction

To regulate related-party transactions and ensure that such transactions do not harm the legitimate rights and interests of our company and non-related shareholders, we have formulated the "Related-Party Transaction Management System", which was revised and improved during the reporting period, in accordance with relevant laws, regulations, and regulatory rules, as well as the provisions of the "Company's Articles of Association." In the process of deliberation and decision-making on related-party transactions, we effectively implemented a recusal voting mechanism. Related-party transactions meeting certain criteria were first reviewed by an independent director through a special meeting convened specifically for this purpose, where the independent director provided independent opinions on the proposals, fully leveraging the guidance and oversight role of independent directors to safeguard the interests of minority shareholders.

Conflicts of Interest

To prevent conflicts of interest and ensure that directors' duties are not compromised by such conflicts, we have specified in the "Company's Articles of Association" the fiduciary obligations of directors. It is stipulated that without the consent of the shareholders' meeting, directors shall not exploit their positions for themselves or others to seek business opportunities that rightfully belong to the company, engage in self-employment or business similar to that of the company for others. Directors are required to report to the company any conflicts or potential conflicts of interest with the company's interests, thereby strengthening the management of conflicts of interest risks.

Investor Relations Management

We place great importance on investor relations management to ensure smooth communication between the company and investors. We have formulated the "Investor Relations Management System" and established an investor relations management mechanism, which clarifies basic principles, key communication matters, communication methods, information disclosure channels, etc. We continuously improve the investor relations management mechanism to safeguard the basic rights and interests of our investors.

Information Disclosure Management

We adhere to relevant regulatory rules and the provisions of the "Information Disclosure Affairs Management System" to emphasize information disclosure management. We fulfill our information disclosure obligations in terms of scope, deadlines, and procedures, providing all investors with truthful, accurate, timely, and comprehensive company information to ensure that all investors have equal and timely access to relevant content, safeguarding their right to information and other related rights.

Investor Communication

We actively engage in investor communication through various channels such as investor hotlines, emails, investor surveys, site visits, shareholder meetings, performance briefings, roadshows, and the stock exchange's "Interactive Easy" platform, providing diverse channels for investors to enhance their understanding of our company. During the reporting period, we emphasized media monitoring and responded promptly to investor inquiries on the Interactive Easy platform, handling a total of 153 interactive questions. We actively participated in online collective reception days for listed companies in the Xiamen area, conducting online Q&A sessions and in-depth discussions on issues of interest to investors. Additionally, we regularly hold investor education activities on new laws and regulations issued by the China Securities Regulatory Commission or stock exchanges, disseminating easily understandable promotional materials to ensure that our employees and investors are informed of the latest regulatory updates and conduct effective investor education campaigns.

The Party Building

We consistently adhere to and strengthen the leadership of the Party, take the Party's political construction as the overarching principle, comprehensively advance various Party building endeavors, fully leverage the leading role of the company's Party committee, the fortress role of grassroots Party organizations, and the exemplary role of Party members. We continuously enhance the quality of Party building within the company, providing essential support and guarantees for the company's strategic transformation and high-quality development through high-quality Party building.

The Party's Overall Leadership

Our Party Committee has consistently integrated strengthening Party leadership with improving corporate governance. This has been achieved through continuous revisions and enhancements to the "Pre-Research and Discussion List of Major Operations Management Matters of the CPC Party Committee of Xiamen Xindeco Ltd." and the "Decision-Making Management System for issues regarding 'Three Major Matters and One Big Decision' of Xiamen Xindeco Ltd." We implement the Party Committee's principles and orientations on significant issues such as enterprise strategy, business planning, and restructuring, as well as the establishment of organizational structures and important regulatory systems. We also stick to the pre-research and discussion mechanism for the issues concerning "Major decision-making, Major personnel appointments and dismissals, Major project investment decisions, and Large Fund Utilization," continuously refine the corporate governance system, and effectively enhance centralized leadership and scientific decision-making capabilities. During the reporting period, the Party Committee convened a total of 34 meetings, discussed and researched 152 issues related to "Major decision-making, Major personnel appointments and dismissals, Major project investment decisions, and Large Fund Utilization". The Party Committee conducted learning seminars and investigative studies, simultaneously identifying and rectifying problems in the work. Eight issues were identified and rectified, and all corrections have been completed. Based on investigative studies and the issues addressed during rectification, the Party Committee has systematically promoted the formulation and revision of 13 regulations and measures.

The Party Committee, in line with our business development, continuously optimizes the party organization structure. During the reporting period, we established three new Party branches, ensuring that party organizations are established and updated as necessary. We strengthened the utilization of Party building assessment results, organized the comprehensive assessment of Party building in 2022, conducted weekly evaluations based on the basic party building indicators, focusing on "learning and catching up, grasping in daily activities," and ensured that Party building work at the grassroots level became more standardized and standardized. We attached great importance to the work of Party building in different locations, continuously innovated work methods, and promoted the standardization and institutionalization of Party building work in different locations. We kept optimizing the team of Party members by conducting training for Party cadres, which effectively improved the professionalism and performance capabilities of both full-time and part-time Party cadres.

Convened

34 meetings

Discussed and researched

152

issues related to "Major decision-making, Major personnel appointments and dismissals, Major project investment decisions, and Large Fund Utilization"

Promoted the formulation and revision of

13

regulations and measures

During the reporting period, we established

3

new Party branches

Risk Management and Compliance

We are grounded in our development strategy and business planning, continuously refine our risk management and internal control systems, strengthen the deep integration of risk control, compliance, and business operations, elevate our risk management proficiency, effectively mitigate risks associated with business development, and ensure stability and sustainable growth of our company.

Risk Management System

We have established a risk review committee, chaired by the Chairman of the Board, with members including the Vice Chairman (General Manager, Chief Financial Officer), headquarters review committee members (Deputy General Managers in charge of risk control and compliance departments, as well as heads of risk control and compliance department, legal department, finance and budget department, and treasury department), and segment review committee members (segment managers/responsible persons, Chief Financial Officer). This structure aims to continuously improve and strengthen the risk review mechanisms of various business segments, enhance risk control in each business segment, and reinforce centralized risk management. The risk review committee operates in accordance with the "Risk Review Committee Working Rules", convening meetings as needed based on business requirements, and establishing a secretariat composed of committee secretaries and risk control specialists from various business segments to organize committee affairs. During the reporting period, we established and implemented a two-tier risk review committee approval mechanism. Business matters within the authority of each business segment are reviewed by the respective risk review committees, while matters beyond their authority are submitted to our risk review committee for approval. Additionally, we revised the "Working Rules of the Risk Review Committee" to further optimize and improve the approval authority and review procedures of the risk review committee, thereby enhancing the efficiency and quality of our risk management.

Our Risk Management and Compliance Department is responsible for driving the overall risk control system construction. We formulate and revise management systems related to risk control, improve the hierarchical risk management mechanism, optimize business control processes, and provide guidance and supervision to various business segments on risk control work. Through proactive, ongoing, and retrospective monitoring measures, we identify and manage potential risks in business operations, achieving risk "identification" and "control." To effectively implement risk management and enhance our risk management level, we have developed specific risk management indicators covering aspects such as system construction, risk investigation and inspection supervision, digitization, risk control in various business segments, and supervision of warning matters. These indicators are linked to the performance of personnel in the Risk and Compliance Department, and personalized assessment indicators are formulated for different positions, with comprehensive assessments conducted regularly. For instances where significant risks associated with business and investment operations were not timely identified, forewarned, responded to, reported, or were concealed or omitted in violation of risk management regulations, resulting in asset loss or other adverse consequences, we will conduct an investigation and gather evidence in accordance with the "Management System for Accountability for Violations in Business Operations and Investments." Depending on the severity of the situation, corresponding actions will be taken against the directly responsible individuals, the supervising managers, and the leadership responsible.

Our Internal Control and Audit Department conducts annual inspections of the compliance and execution of projects reviewed by the risk review committee and submits special reports to the committee. Additionally, every six months, the Internal Control and Audit Department conducts inspections on business operations such as fundraising, guarantees, related-party transactions, securities and derivative transactions, financial assistance, asset purchases or sales, outbound investments, large and related-party fund transactions, etc. The Internal Control and Audit Department regularly reports to the Audit Committee established under the Board of Directors.



We continue to strengthen the construction of risk management and internal control systems, enhancing the level of refined management. During the reporting period, we have formulated or revised systems and operational guidelines such as the "Classification and Control Requirements for Material Trading Business," "Management Measures for Project Commission Intermediaries," and "Management Measures for Single Customer Management." These measures further solidify the foundation for compliant operations from a systemic perspective.

Risk Reporting Mechanism

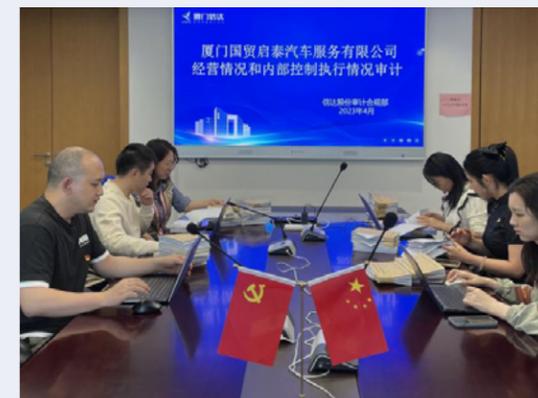
We continuously establish and improve a tiered operational risk reporting mechanism and risk response mechanism, enhancing risk prevention across various business segments to ensure timely and effective responses to related risks. We determine operational risk warning elements based on the actual situations of each business segment and formulate "Operational Risk Hierarchical Classification Indicator Tables" for each segment. These elements are categorized into three risk levels, with clear quantified risk standards and responsible reporting departments. Each business segment strictly adheres to the requirements of the "Management Measures for Operational Risk Reporting and Handling," timely reporting risk events following specified procedures, and formulating and implementing response measures and solutions. Risk and Compliance Department continuously supervises and investigates the business operations of each segment, improving risk management in business operation processes. We hold regular monthly meetings on risk management to discuss measures and latest developments regarding matters to be addressed. For overdue matters, we expedite actions to ensure completion. Additionally, we have established a Supervision and Warning Working Group, chaired by a deputy general manager from the Risk and Compliance Department, with the department's general manager as the vice chairman, risk control officers, and risk control personnel from various business segments as members. This group oversees the implementation and progress of measures to address various risk warning issues. Members of the group promptly alert relevant responsible departments of identified risks during their routine work, and responsible departments provide timely feedback on response measures and progress.

To enhance the risk awareness of personnel in the Risk and Compliance Department, we encourage employees to promptly identify, report, and address risk issues. We have formulated the "Employees Risk Reporting Incentive Scheme of the Risk and Compliance Department." For employees meeting the criteria for incentives, including promptly identifying deficiencies in risk control systems and processes and providing suggestions for improvement that are adopted, timely discovery and reporting of risk issues during routine inspections to prevent risk events, outstanding performance in handling risk events and effectively recovering our economic losses, etc., corresponding bonus points and performance rewards are granted in regular performance assessments.

Risk Supervision and Inspection

During the reporting period, Risk and Compliance Department continuously improved the mechanism for risk investigation and supervision, strengthened the risk investigation, warning and tracking of various business segments, and urged relevant units to implement rectifications promptly to enhance the prevention of operational risks:

- Against the backdrop of a downturn in the bulk commodities sector for black commodities, we collaborated with business departments to intensify field visits and inspections of key customers, particularly focusing on enterprises with significant credit transaction volumes.
- Our relevant functional departments worked in coordination to review and conduct risk investigations into parallel imported car businesses, inspect and review guarantee documents within their validity periods, and promptly propose response measures. We also conducted inspections on export businesses and proposed optimization plans.
- We inspected the compliance of operations on e-commerce platforms and the implementation of various internal operational guidelines, and compiled reports accordingly.
- We conducted self-examination and review of our trading business, formulated control rules and optimization plans, completed the optimization of modules in the information system, and strengthened process control through digital means.



Audit of ITG Qitai Automobile Service's Operational Status and Internal Control Implementation



Special Audit of Self-Managed Warehouse in the Supply Chain Segment

The Internal Control and Audit Department persistently embeds internal control management into daily audit projects, continuously optimizing the internal control system. Through strengthened audits of our company and our subsidiaries' operational management and business risk points, we promptly identify deficiencies and issues for rectification, assisting in enhancing our and our subsidiaries' compliance operational level. During the reporting period, our Internal Control and Audit Department primarily conducted the following internal control audit activities:

- Conducted focused audits on weak internal control areas within our headquarters and various business segments. A total of 28 internal audits and inspections were conducted, identifying 169 audit issues. We issued 200 audit opinions for corrective action and 25 management suggestions, urging relevant departments to implement corrective actions. The completion rate for corrective actions within specified timeframes reached 100%.
- Revised approval authorities for our headquarters and various business segments based on newly modified internal control manuals, adjustments in leadership roles, and authorization management requirements. Conducted self-evaluations of internal controls for 44 investment enterprises in 2022 and prepared reports accordingly.
- Based on audit findings, provided optimization suggestions for the functions and business processes of information systems such as the Sky System of Xindeco ITG Automobile Group and the Supply Chain North-South System, facilitating the improvement of management levels.

Stakeholder Communication

We prioritize the expectations and demands of stakeholders, maintaining close communication through diversified channels. By incorporating stakeholders' suggestions and feedback, we continuously enhance our level of sustainable development management.

Stakeholders	Material Issues	Communication Methods
 Employees	Equal Employment Human Rights Protection Operation Compliance	Suggestion Box Employee Training and Activities Employee Satisfaction Survey Symposium and Daily Communication
 Customers	Customer Rights Protection Risk Management Anti-Unfair Competition Tax Compliance	Online Communication On-site Visits Exhibition Participation Customer Satisfaction Survey
 Suppliers	Tax Compliance Environmental Compliance Water Conservation and Wastewater Management	Online Communication On-site Visits Exhibition Participation Professional Platform
 Investors	Operation Compliance Anti-corruption Tax Compliance Complaint Mechanism and Complainant Protection	Shareholders' Meeting Investor Online Group Reception Day Investor Hotline & Mailbox Shenzhen Stock Exchange Interactive Platform Shareholders' Meeting and Performance Briefing
 Banks	Operation Compliance Risk Management Anti-corruption Tax Compliance	Disclosure of Information by Listed Companies Online Communication On-site Visits

Risk Management and Compliance Education

During the reporting period, Risk Management and Compliance Department actively organized various forms and themes of risk control and compliance education to strengthen the professional development of the risk control team and enhance employees' awareness and professional abilities in risk management and internal control:



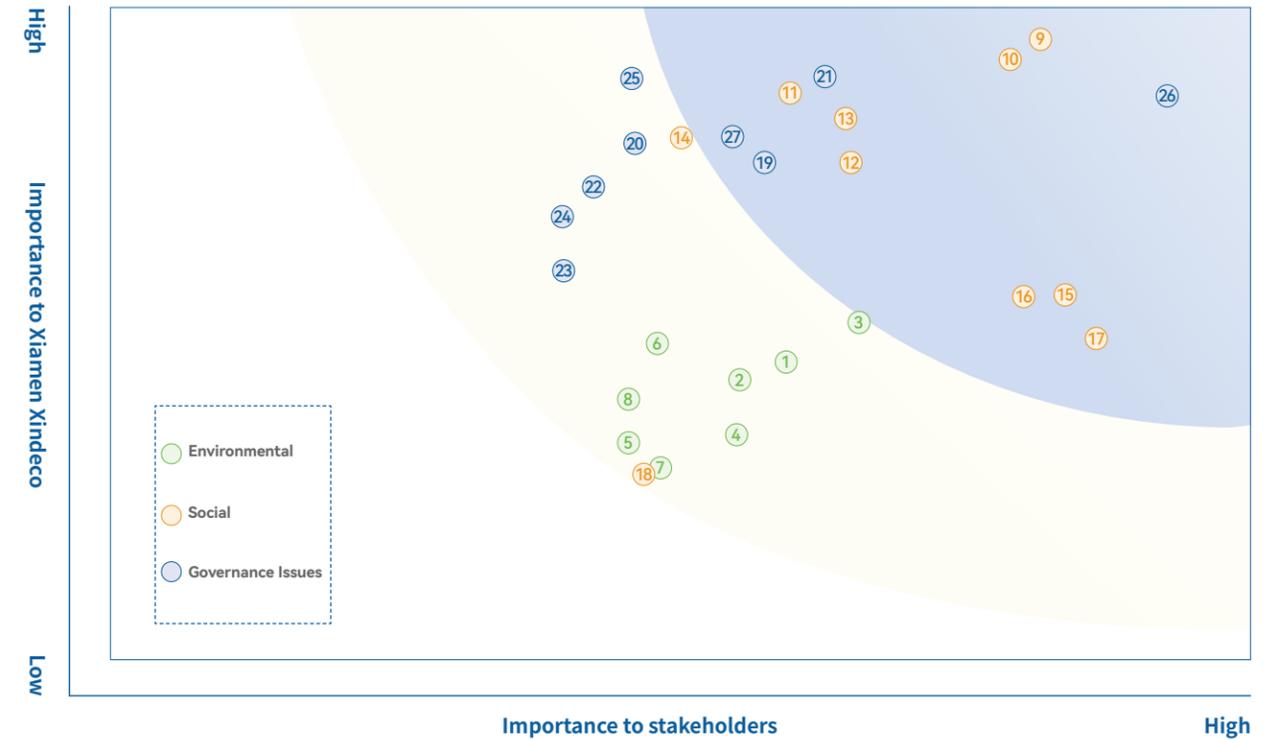
International Trade Practice Test

- Organized multiple internal risk control experience sharing sessions and lectures covering topics such as futures, inventory management, inbound and outbound logistics, and trade compliance.
- Organized approximately 8 "Expert Classroom" internal and external training sessions, inviting industry experts to deliver offline lectures. A total of 1,018 participants attended, accumulating 1,626 hours of training. Topics included supply chain logistics risk management, contract risk, optimization of procurement management practices, and trade risk identification were discussed in these sessions of training.
- Invited industry experts to conduct multiple "offline + online" roadshows and industry exchanges, actively organizing personnel to participate in other industry exchange meetings and training sessions.
- Conducted three professional knowledge tests on futures management systems, logistics management systems, and credit management systems. Additionally, arranged international trade practical tests for the supply chain and automotive segments.

Stakeholders	Material Issues	Communication Methods
 Media	Environmental Compliance Responsible Marketing Customer Rights Protection Tax Compliance	Disclosure of Information by Listed Companies Online Communication Visitor Reception
 Government and Regulatory Authorities	Environmental Compliance Community Investment Operation Compliance	Online Communication On-site Visits Government-Enterprise Talks Engagement in Policy Recommendations
 NGOs	Human Rights Protection Responsible Supply Chain Customer Rights Protection Community Investment	Industry Association Communication Online Communication Public Welfare Services

Material Issues Assessment

Based on our development strategy and business reality, and referencing the content of reporting frameworks such as GRI and SASB, we have identified 27 ESG issues related to our operations for the year 2023. We have sent material issue questionnaires to our management and stakeholders respectively for the year 2023, inviting them to participate in the material issue assessment. Following internal and external research results, and adhering to the principle of dual materiality, we conducted comprehensive analysis and prioritization of the issues based on their significant impact on stakeholders and on our company's development. This analysis resulted in the formation of a material issue matrix. We continuously strengthen communication with stakeholders through the material issue evaluation work and address and explain their feedback and expectations in this report.



- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ① Environmental Compliance ② Energy Management ③ Greenhouse Gas Emissions ④ Water Conservation and Wastewater Management ⑤ Exhaust Air Management ⑥ Waste Management ⑦ Biodiversity Conservation ⑧ Resource Recycling | <ul style="list-style-type: none"> ⑨ Equal Employment ⑩ Human Rights Protection ⑪ Employee Communication ⑫ Training and Education ⑬ Compensation and Welfare ⑭ Occupational Health and Safety ⑮ Responsible Supply Chain ⑯ Responsible Marketing ⑰ Customer Rights Protection ⑱ Community Investment | <ul style="list-style-type: none"> ⑲ Operation Compliance ⑳ Risk Management ㉑ Anti-corruption ㉒ Anti-Unfair Competition ㉓ Research and Development Innovation ㉔ Intellectual Property Protection ㉕ Information Security ㉖ Tax Compliance ㉗ Complaint Mechanism and Complainant Protection |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Prevention of Commercial Bribery and Unfair Competition

We adhere to high standards of business ethics and strictly comply with relevant laws and regulations such as the "Anti-Unfair Competition Law of the People's Republic of China," the "Anti-Monopoly Law of the People's Republic of China," and the "Interim Provisions on Banning Commercial Bribery." We consistently practice integrity and compliance in our operations, advocate for free and fair competition, and firmly oppose any form of corruption, bribery, or fraudulent behavior. We continuously improve our daily supervision system, risk management, and internal control system, establishing a sound mechanism for preventing corruption risks, conducting integrity inspection, and implementing a complaint reporting mechanism. Through enhancing integrity education, we ensure that business ethics are integrated into our operations, make every effort to prevent corruption risks, continuously improve our ethical standards, and uphold a business environment characterized by integrity, fairness, impartiality, and freedom.

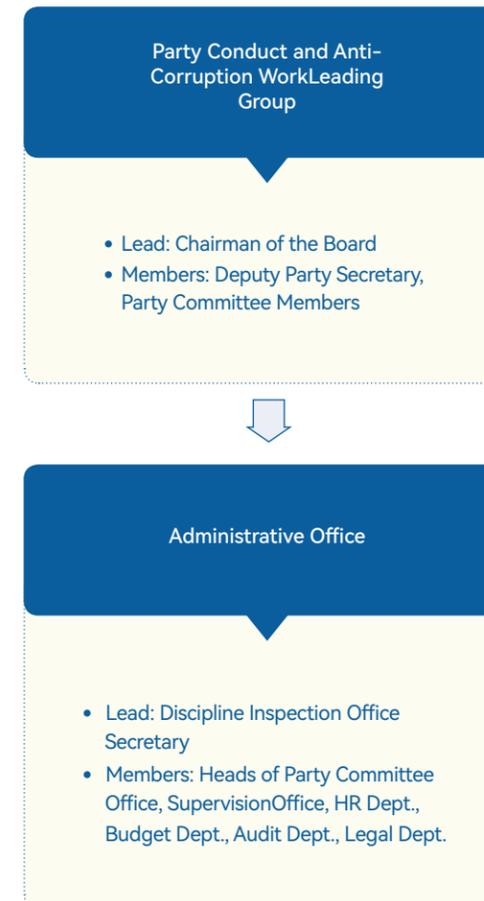


Anti-monopoly and Anti-unfair Competition

We strictly adhere to domestic and relevant laws and regulations regarding anti-monopoly and anti-unfair competition in the countries or regions where our business operates. We firmly oppose monopolistic and unfair competition practices that disrupt market order, uphold integrity in business operations, and actively maintain a market competition order characterized by freedom, fairness, and integrity. During the reporting period, we were not involved in any litigation or administrative penalties resulting from unfair competition or monopoly behavior.

Anti-corruption and Anti-commercial Bribery

The Discipline Inspection Committee (hereinafter referred to as "the Committee") is responsible for coordinating and leading the construction of integrity. The Committee has set up a Supervision Office, which focuses on three core functions: supervision and inspection, publicity and education, and disciplinary accountability. It assists in implementing the Party's responsibilities for supervising the construction of political integrity, improving the mechanism for preventing corruption risks, enhancing the supervision system, and strengthening the capability to handle problem clues. It guides our employees to abide by discipline and law, maintain integrity and self-discipline, and fulfill their duties in accordance with regulations to ensure legal and compliant operations. To strengthen integrity construction and anti-corruption efforts, we have also established a leadership group for Party conduct, integrity construction, and anti-corruption work. This group is responsible for formulating annual tasks for Party conduct, integrity construction, and anti-corruption work, organizing and implementing them, guiding and supervising inspections, summarizing and reporting to higher authorities.



Party Conduct and Anti-Corruption Work Leading Group

- Lead: Chairman of the Board
- Members: Deputy Party Secretary, Party Committee Members

Administrative Office

- Lead: Discipline Inspection Office Secretary
- Members: Heads of Party Committee Office, Supervision Office, HR Dept., Budget Dept., Audit Dept., Legal Dept.

We continue to improve the integrity system construction by formulating various institutional documents such as the "Discipline Inspection Committee Meeting Rules," "Anti-fraud System," "Integrity Risk Prevention and Control Manual," "Integrity Risk Prevention and Control Embedding into Business Risk Prevention and Control Management Measures (Trial Implementation)," "Deepen the Implementation of the 'Party's eight-point frugality code' and '1+X' Special Inspection Interim Measures," "Leadership Cadres' Integrity File Management Measures," and "Implementation Measures for Standardizing the Integrity Interview Work of Leading Personnel," aiming to strengthen guidance and standardization of integrity construction and anti-corruption and anti-fraud work, and prevent integrity risks. We have explicitly defined prohibited improper behaviors that damage the legitimate economic interests of the company and shareholders through the formulation of the "Anti-Fraud System," such as bribery, embezzlement, deliberate concealment or misreporting of transaction matters, and disclosure of trade secrets. Additionally, the "Integrity Risk Prevention and Control Manual," elaborates on the corruption and restrictions on fair competition behaviors that may exist in key areas and critical links of operational management, such as setting conditions favorable to specific related parties during bidding, and excluding or discriminating against other potential bidders. This provides clear behavioral norms and guidance for all employees and helps efficiently implement supervision and management of employee behavior norms.

During the reporting period, we did not experience any instances of business ethics violations caused by corrupt or bribery-related improper conduct.

Integrity Risk Prevention and Control

We rely on a comprehensive risk management and internal control system, focusing on key positions and areas, to continuously improve our integrity risk prevention and control mechanism. We prioritize clarity of responsibilities, standardization of processes, identification of risks, and timely warning mechanisms. We consistently update the "Integrity Risk Prevention and Control Manual," which covers preemptive measures for ethical and moral risks, institutional risks, and job role risks. We also implement mid-term supervisory mechanisms and whistleblowing channels to effectively monitor, as well as investigation and response measures for potential corrupt activities in our operations. By integrating integrity risk prevention and control into our overall risk management strategy, we ensure the healthy and high-quality development of our organization.

We identify corresponding integrity risk points and risk levels in key areas related to different business operations, including engineering construction, bidding and tendering, property rights transactions, bulk trading, etc., as well as key positions related to personnel management, financial management, asset management, and major decision-making matters., to establish reasonable prevention and control standards, and implement main prevention and control measures. We promptly track, alert, and prevent risks, organize integrity risk prevention and control investigations and handling work, and effectively implement integrity risk prevention and control mechanisms. In line with actual business management, we incorporate annual integrity risk prevention and control practice into the measures for operational risk prevention and control as a key initiative to implement the "Integrity Risk Prevention and Control Manual", and review the integration work with a comprehensive investigation of integrity risk points. We strengthen the dynamic tracking and management of the integration of integrity risk and overall operational risk prevention and control, combined with routine inspections, internal and external audits, and the handling of complaints and problem clues, to achieve normalization of integrity risk investigation and settlement.

We combine and fully leverage the roles of internal party supervision, business supervision, audit supervision, mass supervision, and functional supervision to improve our supervision system. We conduct comprehensive supervision over integrity risk prevention and control work, adopting a combination of regular self-inspection and phased inspection, dynamic supervision, and comprehensive evaluation to strengthen supervision and inspection efforts, promptly identifying and effectively preventing integrity risks. We implement the "'1+X' Special Inspection Interim Measures," regularly organizing special inspections on the implementation of the Eight-point Decision within our company and subsidiaries. We enhance integrity risk prevention and control in key areas such as engineering bidding, bulk material procurement, automotive parts procurement, and information technology research and development fund utilization. We strictly implement the "Ten Prohibitions" in the bidding and tendering field, cracking down on disciplinary and illegal behaviors in bidding and tendering, preventing corruption at the source, and preventing the loss of state-owned assets. During the reporting period, we diligently implemented the superior disciplinary inspection commission's implementation plan for promoting the high-quality development of supervision work in different regions, sectors, levels, and stages, and the special rectification campaign for correcting the "Four Malfeasances" and promoting a new work style, with a focus on quarterly special campaigns. We focused on key supervision areas such as the management and use of state-owned assets, engineering bidding, compliance operations of overseas invested enterprises, and overseas commission business, conducting 8 rounds of supervision checks, inspecting 31 locations, identifying 5 issues, and urging completion of rectification. We also promoted the establishment of regulations and systems twice, continuously embedding integrity risk prevention and control into operational risk management, effectively preventing integrity risks.

Conducted
8
rounds of supervision checks

Inspected
31 locations

Identified
5
issues and urged completion of rectification

Promoted
2
establishment of regulations and systems



Integrity Accountability Mechanisms

To strengthen the sense of responsibility among all staff and eliminate various illegal, irregular, or derelict behaviors, we have established and improved an accountability mechanism by formulating related accountability system. We have set up an Accountability Working Group composed of leaders from the Discipline Inspection Committee, Party Committee Office, Supervision Office, Legal Affairs Department, Internal Control and Audit Department, Human Resources Department, and Labor Union. The Secretary of the Discipline Inspection Commission serves as the group leader, and the Supervision Office is responsible for the group's daily affairs. Any stakeholder can report suspected illegal, irregular, or derelict behaviors or losses caused by dereliction of duty to the Accountability Working Group. The Accountability Working Group can also initiate accountability investigations directly. For individuals confirmed to be accountable after investigation, the severity of their responsibility will be determined based on internal regulations such as related accountability system, considering factors such as the extent of asset loss and the nature of the problem. Measures such as deducting performance bonuses, reclaiming incentive benefits, demotion, dismissal, or referral to relevant authorities will be taken accordingly.

Procedures for Accountability Investigations



Development of Integrity Culture

We value the construction of a culture of integrity and have established the The Incorruptness Toolbox 5.0 integrity culture building system around the "Philosophical Breeze" integrity culture brand. We continuously enrich and innovate the forms and content of integrity education, promote wide and effective coverage of integrity education advocacy, strengthen the integrity awareness of all employees, fortify the defense line of integrity thinking, and shape a clean and upright corporate atmosphere. In 2023, we organized a total of 43 integrity culture activities and published 73 articles online covering work dynamics, policy interpretations, warning cases, etc., reaching 100% of our employees.

Highlight

Promote Integrity and Self-discipline During Holidays: We utilized the OA platform to distribute notices to all system employees regarding the strict disciplinary requirements during the 2023 Mid-Autumn Festival and National Day holidays. We also disseminated typical cases of violations of the spirit of the central eight-point decision recently reported by the Municipal Commission for Discipline Inspection and Supervision to various enterprises and departments.

Highlight

Delve into Distinctive Elements of Integrity Culture and Promote Integrity Education to Grassroots and Remote Areas: We Visited Fuzhou Huaxia Automobile City, and organized the "Clean Conduct and Progress Together" Integrity Culture Picnic for nearly 110 employees. We transformed the car trunk into an integrity culture promotion booth, and integrated integrity culture education with our core responsibilities and business activities. Additionally, in conjunction with the ITG Holding Group's "Integrity Culture Promotion Month" event, we held activities such as the "Uphold Integrity for Development" integrity knowledge competition and organized visits to the Lin Zexu Memorial Hall, enhancing the dissemination of integrity culture.

Highlight

Continue to Explore New Paths for Integrity Education among Young Cadres and Conduct Diverse and Integrated Education in Multiple Scenarios: We conducted investigations and studies on fostering integrity, discipline, and anti-corruption among young cadres, with a total of 203 survey questionnaires collected and three youth symposiums held. We developed the "Integrity Talks for Youth: Securing Integrity in Youth Leadership" course, covering all young employees,

and selected young integrity ambassadors as spokespersons for the "Philosophical Breeze" brand. Created the program "Integrity Talks: Safeguarding Pure Youth," which won second place in the 2023 ITG Holding Group's "Youth Speak at ITG" and the Second Youth Speech Competition. We held the learning and education event "Building Friendship through Knowledge, Exhibiting the Integrity Spirit of the May Fourth Movement," which featured a "Party Building + Financial Knowledge" knowledge discussion challenge, promoting integrity through competition and learning.

203

survey questionnaires collected



3

youth symposiums held



Won second place in the 2023 itg holding group's "youth speak at itg" and the second youth speech competition



"Clean Conduct and Progress Together" Integrity Culture Propaganda Month



"Integrity Talks for Youth: Securing Integrity in Youth Leadership" Course for New Employee



Youth Integrity Forum



Special Study and Education on Revising the "Positive and Negative List" Provisions

Intellectual Property Rights Protection

We adhere to relevant laws and regulations such as the "Patent Law of the People's Republic of China," the "Copyright Law of the People's Republic of China," and the "Trademark Law of the People's Republic of China" to safeguard intellectual property rights such as patents, copyrights, and trademarks. In the information technology segment, Xindeco Information Technology Group attaches great importance to intellectual property protection. The Intellectual Property Management function is undertaken by the Research and Development Management Department, which has formulated and revised the "Research and Development Project Management Measures" during the reporting period to further standardize the management and confidentiality work of R&D projects. Strict confidentiality management is implemented throughout the project development process. We strengthen internal centralized management and actively cooperate with external institutions to timely apply for, register, and dynamically track intellectual property rights, continuously improve the entire process management of research and development and intellectual property rights, and enhance intellectual property protection.

During the reporting period, we added a total of

20 new patents and software copyright authorizations



There were no incidents of intellectual property infringement

Tax Compliance Management

During the reporting period, the total amount of taxes we paid was

457,476.85

thousand RMB

No tax violations occurred

We always take tax compliance as the bottom line, strictly comply with the "Enterprise Income Tax Law of the People's Republic of China" and other relevant tax laws and regulations of the country and the region in which we do business, and are committed to maintaining the legality, transparency and stability of our tax behavior, ensuring that our tax management is coordinated with our business development, safeguarding the long-term, sound development of our company, and practicing our corporate social responsibility by fulfilling our tax obligations in accordance with the law.

We adhere to the "Internal Control Management Manual" and utilize internal control processes to identify and manage tax risks that may arise in the company's operations. We focus on key risk areas, implement effective control measures, and ensure compliance with tax laws to prevent and manage tax-related risks. We have established regular communication channels with tax authorities in the regions where our business operates to consult and exchange information on tax policies, regulations, and practices, ensuring tax compliance. Through compliant tax management practices, we actively foster harmonious relationships with tax authorities, investors, partners, and society, collectively promoting the optimization and improvement of the tax environment.

Complaint Mechanism and Complainant Protection

We outline our proactive attitude and stance towards complaints and reports from employees and other stakeholders in the "Anti-fraud System," with clear provisions regarding the channels for complaints, the handling of complaints, and reporting procedures. For any suspected violations of business ethics, we encourage employees and other stakeholders to lodge complaints and provide feedback through hotlines, email, letters, or other means, in order to collectively uphold an environment of integrity, fairness, and impartiality in business. The Supervision Office is responsible for managing the hotline, email, and postal complaints, receiving complaints and reports from employees and other stakeholders, whether anonymously or with identification, and promptly reporting them to the management or the board of directors.

Complainants can lodge complaints and reports anonymously or with identification through the following channels:

 Complaint Hotline: 0592-5608195

 Complaint Email: csq@xindeco.com.cn

 Mailing Address: Unit 1101, Block A, ITG Center, No. 4688
Xianyue Road, Huli District, Xiamen City

In addition, we have developed the "Network Reflection Platform for Clue of Problem" and the "Feedback Platform for Opinions and Suggestions" as important channels for internal employees to report issues and provide suggestions. Through effective integration of supervisory forces and information resources, we gradually achieve real-time online collection of problem clues and feedback, online classification and processing, and offline supervision and rectification, forming a standardized, convenient, and efficient pattern of normalized supervision.

At the same time, we also attach great importance to the protection of complainants. Protection measures for complainants are clearly stipulated in the "Anti-Fraud System". We strictly implement a confidentiality mechanism for complaints and reports, and relevant personnel are prohibited from disclosing any information about complainants or the content of complaints and reports to any department or individual without authorization. Any form of illegal discrimination or retaliation against complainants is strictly prohibited. Personnel found to have leaked information about complainants or engaged in retaliatory actions against complainants will face dismissal or termination of their labor contracts. If their actions violate the law, they will be referred to judicial authorities for legal proceedings.

Data Overview

Environment

Indicators	Unit	2022	2023
Environmental Protection Investment			
Total Annual Environmental Protection Investment	Ten-thousand RMB	139.67	178.41
Environmental Compliance			
Number of Environmental Violations in the Year	Time	/	45
Emissions and Discharges			
GHG			
Scope1: Direct GHG emissions	tCO ₂ e	1,594.00	1,096.93
Scope2: Indirect GHG emissions		24,981.80	19,486.30
Total GHG emissions(Scope 1+ Scope 2)		26,575.80	20,583.23
Total GHG emissions intensity	tCO ₂ e/ hundred-million RMB of operating revenue	28.27	28.77
Air Pollutants			
PM emissions	Ton	0.40	0.03
Wastewater and Related Pollutants			
Total wastewater discharges	m ³	21,645.32	126,867.00
Including: discharge to surface		3,312.00	5,600.00
discharge to the sewage treatment plant		18,333.32	121,267.00
Waste			
Hazardous Waste			
Generation volume of hazardous waste	Ton	660.17	686.56
Transfer and disposal volume of hazardous waste		660.17	686.56
General Waste			
General waste generation	Ton	1,960.70	1,165.23
Including: Industrial waste generation volume		377.05	821.85
Household waste generation volume		1,583.65	343.38

Indicators	Unit	2022	2023
General waste recycling volume	Ton	243.64	230.36
Including: Industrial waste recycled volume		85.95	67.65
Household waste recycled volume		157.69	162.71
Energy			
Electricity consumption	kWh	43,804,658.56	34,168,515.30
Including: Green electricity consumption		0	848,721.08
Electricity consumption density	kWh / hundred-million RMB of operating revenue	46,600.40	47,761.30
Natural gas consumption	m ³	0	170.12
Liquefied petroleum gas consumption	Ton	1.44	0
Gasoline consumption	Litre	313,390.51	222,754.13
Diesel(mobile)consumption		228,102.03	219,463.19
Diesel(stationary)consumption		100.00	0
Water Resources			
Water withdrawal in water-scarce regions	m ³	/	0
Water withdrawal		/	981,388.85
Water consumption		/	854,521.85
Water consumption density	m ³ / hundred-million RMB of operating revenue	/	1,194.46
Product Material Consumption			
Packaging materials	Ton	20.09	30.00
Including: Recyclable packaging materials		/	25.00
Non-recyclable packaging materials		/	5.00
Materials that are recycled in the production of products		/	10.00
Non-renewable material ¹		/	1.50
Toxic and hazardous materials		/	0

Note1:Materials that cannot be regenerated in the short term, such as coal, natural gas, metals, minerals, petroleum, etc.

Employment

Indicators	Unit	2022	2023
Employee Composition			
Total number of employees at the end of the reporting period	Person	4,045	4,326
Including: full-time employees		/	4,326
Part-time employee		/	0
Workers other than employees		/	0
Employee Gender Distribution			
Male	Person	2,518	2,782
Female		1,527	1,544
Employee Age Distribution			
Under 30	Person	1,344	1,387
30-50		2,554	2,829
Over 50		147	110
Employee Education Distribution			
Masters and above	Person	132	148
Bachelors		1,071	1,164
Other		2,842	3,014
Employee Function Distribution			
Production employees	Person	1,115	1,477
Sales employees		905	960
Technical employees		1,167	1,011
Finance employees		351	373
Administrative employees		507	505
Female production employees		485	499
Female sales employees		328	356
Female technical employees		161	132
Female finance employees		291	309
Female administrative employees		232	248

Employment

Indicators	Unit	2022	2023
Employees in Science, Technology, Engineering, and Mathematics (STEM) positions	Person	/	105
Female employees in Science, Technology, Engineering, and Mathematics (STEM) positions		/	16
Proportion of female employees in Science, Technology, Engineering, and Mathematics (STEM) positions		/	15.24
Employee Country Origin Distribution			
China	Person	4,041	4,323
Others		4	3
Employee Nationality Distribution			
Han nationality	Person	/	4,189
Others		/	137
Employment in the Local Province			
Number of local employees	Person	3,223	2,665
Proportion of local employees	%	79.68	61.60
Number of female local employees	Person	1,203	1,006
Proportion of female local employees	%	29.74	23.25
Number of male local employees	Person	2,020	1,659
Proportion of male local employees	%	49.94	38.35
Number of local executives	Person	/	8
Percentage of local executives	%	/	100.00
Number of female local executives	Person	/	1
Percentage of female local executives locally	%	/	100.00
Employment of People with Disabilities			
Number of employees with disabilities employed	Person	5	5
Percentage of employees with disabilities employed	%	0.12	0.12

Employment

Indicators	Unit	2022	2023
Management Gender Distribution			
Manegment	Person	/	170
Including:Female management		/	49
Proportion of female management	%	/	28.82
Senior management	Person	/	8
Including:Female senior management		/	1
Proportion of female senior management	%	/	12.50
Middle management	Person	/	49
Including:Female middle management		/	17
Proportion of female middle management	%	/	34.69
Junior management	Person	/	113
Including:Female junior management		/	31
Proportion of female junior management	%	/	27.43
Number of managers in revenue-generating departments	Person	/	103
Including:Female managers in revenue-generating departments		/	19
Proportion of female managers in revenue-generating departments	%	/	18.45
Labor Contracts			
Number of employees with employment contract	Person	4,045	4,326
Employment contract signing rate	%	100.00	100.00
Career Planning and Job Transition Support for Employees			
Number of Internal transfer or internal recruitment	Person	/	180
Proportion of employees who are transferred internally or recruited internally	%	/	4.16
Employee Training			
Total investment in employee training for the year	Ten-thousand RMB	189.34	186.37
Total number of employees trained	Person	4,045	4,326
Average amount of training	Ten-thousand RMB	/	0.04
Total number of female employees trained	Person	1,527	1,544

Employment

Indicators	Unit	2022	2023
Total number of male employees trained	Person	2,518	2,782
Proportion of female employees trained	%	37.75	35.69
Employee training coverage rate		100.00	100.00
Total participants in training	Participant	/	21,917
Total number of training hours for employees	Hour	12,135.00	83,593.50
Average training hours for employees		3.00	19.32
Employee Training by Type			
Total online training hours	Hour	/	1,302.00
Total hours of on-duty counseling		/	2,618.00
Total hours of leadership training		/	2,814.00
Total hours of professional competence training		/	69,990.00
Total hours of cultural training		/	6,870.00
Average number of training hours for female employees		/	20.00
Average number of training hours for male employees		/	18.00
Average training hours for employees under 30		/	17.30
Average training hours for employees aged 30 to 50		/	28.17
Average training hours for employees over 50		/	12.50
Average training hours for junior management		/	15.47
Average training hours for middle management		/	18.50
Average training hours for senior management		/	24.00
Average training hours for Chinese nationals		/	19.32
Employee Performance			
The percentage of employees who undergo regular performance and career development evaluations	%	/	100.00
Freedom of Association and Collective Bargaining²			
Number of employees participating in the labor union.	Person	/	2,271
Total number of employees covered/protected by collective contracts	Person	/	2,271

Note2: The data on freedom of association and collective bargaining are only available in operating sites in Xiamen.

Employment

Indicators

Unit

2022

2023

Employee Communication			
Number of employees who participated in the employee survey	Person	/	4,326
Employee survey coverage	%	/	100.00
Human Rights Impact Assessment			
Operations in which the right to freedom of association and collective bargaining may be at risk	Count	/	0
Operations at significant risk for incidents of child labor		/	0
Operations at significant risk for incidents of forced or compulsory labor		/	0
Security Practices			
Security personnel trained in human rights policies or procedures	Person	/	30
The number of security personnel employed		/	5
Total number of third-party security personnel		/	25
The proportion of security personnel trained in human rights policies or procedures	%	/	100.00

Market

Indicators

Unit

2022

2023

Product Qualification			
Product qualification rate	%	95.63	98.20
Information Security and Privacy Protection			
Information security incident	Case	0	0
The number of customers whose data was compromised	Count	/	0
The number of employees whose data was compromised	Person	/	0
Violations of customer privacy	Case	/	0

Accepted Complaint Cases and Resolved Complaint Cases

Total number of complaints	Case	/	114
Resolved complaints		/	106
Complaint resolution rate	%	95.28	92.98

Customer satisfaction

Number of customer satisfaction surveys	Person	/	25,324
-----------------------------------------	--------	---	--------

R&D Investment in Science and Technology

Total amount of R&D investment in science and technology	Ten-thousand RMB	5,413.24	5,481.78
----------------------------------------------------------	------------------	----------	----------

Intellectual Property

The number of newly granted patents, technical inventions, and authorized software copyrights	Item	/	20
-----------------------------------------------------------------------------------------------	------	---	----

Suppliers Management

Location Distribution

Number of suppliers	Count	3,055	4,247
Number of suppliers in the province where the company is located.		459	877
Number of suppliers in mainland China		2,584	3,792
Other regions		/	455
Number of Tier 1 suppliers		/	1,658
Number of Tier 2 suppliers		/	2,484
Number of significant suppliers		/	47

Supplier Audit

Number of newly admitted suppliers reviewed this year	Unit	789	855
Number of new suppliers that were screened using criteria in social dimension		/	14
Number of suppliers assessed through desk review		/	301
Number of suppliers assessed through on-site inspection		/	35
Number of key suppliers assessed		/	38
Number of suppliers who completed the improvement after the assessment		/	2

Procurement Practices

Proportion of spending on local suppliers	%	/	8.98
-------------------------------------------	---	---	------

Work Safety

Indicators	Unit	2022	2023
------------	------	------	------

Work Safety Input			
Total amount of investment in Work Safety for the year	Ten-thousand RMB	/	307.54
The amount of workers' compensation insurance		/	99.54
Coverage of work-related injury insurance	%	/	100.00
Safety Training			
Total participant times in occupational safety training	Participant	2,228	3,563
Total hours in occupational safety training	Hour	4,036.00	5,344.50
Total participants in occupational safety training	Person	1,489	1,237
Proportion of personnel receiving safety training	%	36.81	28.59
Number of females receiving safety training	Person	566	446
Proportion of females receiving safety training	%	38.01	36.05
Number of safety emergency drills	Time	29	44
Number of attendees for safety emergency drills	Participant	/	923
Number of safety offline training session	Session	64	84
Number of safety online training course	Course	44	15
Work Safety Accident			
Extremely serious accidents	Case	0	0
Serious accidents		0	0
Major accidents		0	0
General accidents		0	0
Number of shutdowns	Time	0	0
Hours of shutdowns	Day	0	0
Occupational Safety and Health Performance			
Number of work-related injuries	Person	0	0
Number of work-related fatalities		0	0
Work-related fatality rate	%	0	0
Total duration of work-related injury losses	Hour	0	0

Total number of work-related injury incidents	Case	0	0
Total Recordable Injury Frequency Rate (TRIFR) - Employee	/	0	0
The Lost Time Injury Frequency Rate (LTIFR) - Employees		0	0
Total number of contractor injuries	Case	0	0
Total duration of time lost by contractors due to work-related injuries	Hour	0	0
Actual total working hours of employees of the contractors during the year		/	/
Total Recordable Injury Frequency Rate (TRIFR) - Contractor	/	0	0
The Lost Time Injury Frequency Rate (LTIFR) - Contractor		0	0

Community

Indicators	Unit	2022	2023
------------	------	------	------

Social Contribution			
Social donation	Ten-thousand RMB	/	20.00
Volunteer Service			
Number of volunteer services	Time	/	110
Total number of volunteers	Person	/	434
Total number of participant times of volunteers	Time	1,694	518
Total number of volunteer service hours	Hour	4,553.00	921.00
Number of times the company participated in environmental protection public welfare activities	Time	/	5
Right of Indigenous People			
Violations involving rights of indigenous peoples	Case	/	0
National Strategy Response			
Industrial transformation	Ten-thousand RMB	/	680.53
Rural revitalization and regional collaborative development		/	42.93

Governance

Indicators	Unit	2022	2023
Business Ethics			
Anti-corruption Advocacy and Training			
Proportion of directors, supervisors, and senior management personnel briefed on anti-corruption policies and procedures	%	/	100.00
Proportion of employees briefed on anti-corruption policies and procedures		/	100.00
Proportion of directors, supervisors, and senior management personnel received anti-corruption training		/	100.00
Proportion of employees received anti-corruption training		/	100.00
Violations of Business Ethics			
Commercial bribery and corruption	Case	/	0
Conflicts of interest		/	0
Litigation or significant administrative penalties resulting from unfair competition or monopolistic behavior		/	0

GRI Standards

GRI Standards	Disclosures	Location	Omission
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us	
	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	Not Covered In This Report	This report does not involve external assurance
	2-6 Activities, value chain and other business relationships	Letter from the Chairman About Us Innovation-driven, Suppliers and Customers	
	2-7 Employees	Human Rights Protection Data Overview	
	2-8 Workers who are not employees	Data Overview	
	2-9 Governance structure and composition	Governance Structure	
	2-10 Nomination and selection of the highest governance body	Governance Structure	
	2-11 Chair of the highest governance body	Governance Structure	
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure Risk Management and Compliance	
	2-13 Delegation of responsibility for managing impacts	Governance Structure Risk Management and Compliance	
	2-14 Role of the highest governance body in sustainability reporting	Governance Structure	
	2-15 Conflicts of interest	Governance Structure	
	2-16 Communication of critical concerns	Stakeholder Communication	
	2-17 Collective knowledge of the highest governance body	Governance Structure	

GRI Standards	Disclosures	Location	Omission
General Disclosures			
GRI 2: General Disclosures 2021	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	Governance Structure	
	2-20 Process to determine remuneration	Governance Structure	
	2-21 Annual total compensation ratio	Not Covered In This Report	The Company does not collect relevant data during this report period
	2-22 Statement on sustainable development strategy	Letter from the Chairman Net Zero Strategy	
	2-23 Policy commitments	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy Human Rights Protection Occupational Health and Safety Innovation-driven, Suppliers and Customers Rural Revitalization and Public Service Investor Relations Management Prevention of Commercial Bribery and Unfair Competition	
	2-24 Embedding policy commitments	Addressing Climate Change Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy Human Rights Protection Occupational Health and Safety Innovation-driven, Suppliers and Customers Rural Revitalization and Public Service Investor Relations Management Prevention of 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 Human Rights Protection Occupational Health and Safety Innovation-driven, Suppliers and Customers Investor Relations Management Risk Management and Compliance Prevention of Commercial Bribery and Unfair Competition	
2-26 Mechanisms for seeking advice and raising concerns	Human Rights Protection High-quality Customer Service Community Connection for Mutual Prosperity Investor Relations Management Stakeholder Communication Complaint Mechanism and Complainant Protection		

GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Pollution Prevention and Ecosystem Protection Human Rights Protection Occupational Health and Safety Responsible Sourcing Information Security Management Governance Structure Investor Relations Management Risk Management and Compliance Prevention of Commercial Bribery and Unfair Competition	
	2-28 Membership associations	Support for Industry Development	
	2-29 Approach to stakeholder engagement	Stakeholder Communication	
	2-30 Collective bargaining agreements	Human Rights Protection Data Overview	
Material topics			
GRI 3: Material Topics 2021	3-1 Management of material topics	Material Issues Assessment	
	3-2 List of material topics	Material Issues Assessment	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Development Risk Management Stakeholder Communication	
	201-1 Direct economic value generated and distributed	2023 At a Glance	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Sustainable Development Risk Management Risk Management and Compliance	
	201-3 Defined benefit plan obligations and other retirement plans	Talent Development	
	201-4 Financial assistance received from government	2023 At a Glance	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Compensation and Benefits Rural Revitalization and Public Service	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	The Company does not collect relevant data during this report period	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Data Overview Community Connection for Mutual Prosperity	
	Indirect economic impact		
GRI 3: Material Topics 2021	3-3 Management of material topics	Rural Revitalization and Public Service	

GRI Standards	Disclosures	Location	Omission
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 Sourcing Rural Revitalization and Public Service	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Data Overview	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-monopoly and Anti-unfair Competition	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-monopoly and Anti-unfair Competition	
	205-2 Communication and training about anti-corruption policies and procedures	Anti-monopoly and Anti-unfair Competition Data Overview	
	205-3 Confirmed incidents of corruption and actions taken	Anti-monopoly and Anti-unfair Competition 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	GHG Reduction Actions Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy Data Overview	

GRI Standards	Disclosures	Location	Omission
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Resource Utilization and Circular Economy Data Overview	
	301-2 Recycled input materials used	Resource Utilization and Circular Economy Data Overview	
	301-3 Reclaimed products and their packaging materials	Resource Utilization and Circular Economy Data Overview	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Addressing Climate Change Data Overview	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	GHG Reduction Actions Data Overview	
	302-2 Energy consumption outside of the organization	Not Covered In This Report	
	302-3 Energy intensity	2023 At a Glance Data Overview	
	302-4 Reduction of energy consumption	GHG Reduction Actions	
	302-5 Reductions in energy requirements of products and services	GHG Reduction Actions	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Pollutant Discharge Management Data Overview	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pollutant Discharge Management	
	303-2 Management of water discharge-related impacts	Pollutant Discharge 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	GHG Reduction Actions Pollution Prevention and Ecosystem Protection	
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	Not Covered In This Report	The company's business operation does not have a great influence on the biodive

GRI Standards	Disclosures	Location	Omission
GRI 304: Biodiversity 2016	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
	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 Emission Control Data Overview	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Emission Control Data Overview	
	305-3 Other indirect (Scope 3) GHG emissions	Not Covered In This Report	The Company does not collect relevant data during this report period
	305-4 GHG emissions intensity	2023 At a Glance GHG Emission Control Data Overview	
	305-5 Reduction of GHG emissions	GHG Reduction Actions	
	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	Pollutant Discharge Management Data Overview	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pollutant Discharge Management	
	306-2 Management of significant waste-related impacts	Pollutant Discharge Management	
	306-3 Waste generated	Data Overview	
	306-4 Waste diverted from disposal	Pollutant Discharge Management Data Overview	
	306-5 Waste directed to disposal	Pollutant Discharge Management Data Overview	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Supply Chain Risk Management	

GRI Standards	Disclosures	Location	Omission
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Sourcing	
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing	
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	Data Overview	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Compensation and Benefits	
	401-3 Parental leave	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 Responsible Sourcing	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	
	403-3 Occupational health services	Occupational Health and Safety	
	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 and Education Employee Democratic Rights	
	403-6 Promotion of worker health	Occupational Health and Safety	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	
	403-9 Work-related injuries	Data Overview	

GRI Standards	Disclosures	Location	Omission
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	Occupational Health and Safety	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent Development	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Data Overview	
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Development	
	404-3 Percentage of employees receiving regular performance and career development reviews	Data Overview	
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	Data Overview	
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 Data Overview	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
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 Sourcing Data Overview	
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Responsible Sourcing	
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights Protection Responsible Sourcing Data Overview	

GRI Standards	Disclosures	Location	Omission
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Responsible Sourcing	
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 Sourcing Data Overview	
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	Data Overview	
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	Not Covered In This Report	Not Applicable
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	The Company does not collect relevant data during this report period
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Supply Chain Risk Management	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Sourcing Data Overview	
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Sourcing	
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

GRI Standards	Disclosures	Location	Omission
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Innovation-driven, Suppliers and Customers	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Innovation-driven, Suppliers and Customers	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	High-quality Customer Service	
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing High-quality Customer Service	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible Sourcing High-quality Customer Service	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Innovation-driven, Suppliers and Customers	
	417-3 Incidents of non-compliance concerning marketing communications	Innovation-driven, Suppliers and Customers	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	High-quality Customer Service Information Security Management	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security Management Data Overview	

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	GHG Emission Control Data Overview
Data Security	CG-MR-230a.1: Discussion of management approach to identifying and addressing data security risks	Information Security Management
	CG-MR-230a.2: (1)Number of data security breaches (2)Percentage involving customers' personally identifiable information (PII) (3)Number of customers affected	Information Security Management
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	Data Overview
	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	Not Covered In This Report
	CG-MR-410a.2: Description of processes to assess and manage risks and/or hazards associated with chemicals in products	GHG Reduction Actions Responsible Sourcing
	CG-MR-410a.3: Description of strategies to reduce the environmental impact of packaging	GHG Reduction Actions Pollutant Discharge Management Executing Sustainable Actions
	CG-MR-000.A: (1)Number of retail locations (2)Number of distribution centers	The Company does not collect relevant data during this report period
	CG-MR-000.B: Total area of (m2): (1)Retail space (2)Distribution centers	The Company does not collect relevant data during this report period

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.	Governance Structure Risk Management and Compliance
	b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities.	Governance Structure Risk Management and Compliance
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 Covered In this Report
	e)The resilience of the entity’s strategy and its business model to those sustainability-related risks	Sustainable Development Risk Management
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 and Compliance
	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

Core Elements	Disclosure Recommendations	Disclosure Placement
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 Management and Compliance
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.	Governance Structure Risk Management and Compliance
	b)Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Governance Structure Risk Management and Compliance
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

IFRS S2

Core Elements	Disclosure Recommendations	Disclosure Placement
Strategy	<p>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.</p>	Not Covered In This Report
	<p>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.</p>	Sustainable Development Risk Management
Risk Management	<p>a)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</p>	Sustainable Development Risk Management Risk Management and Compliance
	<p>b)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.</p>	Sustainable Development Risk Management
	<p>c)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.</p>	Sustainable Development Risk Management Risk Management and Compliance
Metrics and targets	<p>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.</p>	Sustainable Development Risk Management GHG Emission Control Governance Structure
	<p>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</p>	GHG Emission Control
	<p>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.</p>	Environmental Social Governance

XINDECO

 Address: 11F, Guomao Center Building A, No.688,Xianyue Road, Huli District, Xiamen China.

 Zip Code: 361016

 Fax:0592-6021391

 Website: <http://www.xindeco.com/>