



THE POWER OF BEING TRUSTWORTHY

Sustainability Report **2023**

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Message from the Chairwoman

Deeply Rooted Growth to Navigate Through the Cycle



Liu Chang
Chairwoman of New
Hope Liuhe Co., Ltd

The year 2023 presented considerable challenges. The global economy is facing an increasingly complex outlook. Persistently low pork prices, soaring social inventories, and sluggish end-consumer demand characterized the environment. The cumulative impact of these external factors placed us in an unprecedentedly difficult situation.

However, in the midst of these challenging times, we have always held onto hope. We adjusted our strategy swiftly and resolutely, with wartime culture at the core, initiating organizational reforms, refocusing on our core businesses, rigorously strengthening internal management, and standing united in this battle against the harsh winter of adversity.

Stand firm in belief, endure with passion. It is with this steadfast belief in our mission and deep passion for the Company that we have persevered and strived to continuously create value for society. Our belief and passion have supported the Company in overcoming numerous challenges and going through the downturn cycle, leading to its growth into a large-scale integrated agricultural and animal husbandry service provider. Based on this core philosophy, we have formulated the “Tree of Hope” ESG strategy, aiming at guiding New Hope Liuhe towards sustainable development and making positive contributions to society, the environment, and the economy. We believe that agriculture and animal husbandry follow their natural laws and possess inherent vitality. Our company, deeply rooted in this field, will grow steadily and resiliently, much like a tree firmly anchored in fertile soil.

Looking back at 2023, we embraced change with determination, streamlining our organization, reducing costs, and enhancing efficiency. Focusing on the agricultural and animal husbandry industry—a cornerstone of national prosperity and people’s well-being—we crafted a perpetually flourishing landscape of our operations.

Strengthening the foundation with organizational strength. We anchored our efforts in the four key spirits: victory spirit, fighting spirit, pragmatic spirit, and unity spirit. We deepened the cultivation of our talent pool, launching specialized training programs for talents in the agricultural and animal husbandry industry. Additionally, we unlocked the first phase of employee stock incentives and created the New Hope Academy platform to build an overall learning organization, continuously revitalizing organizational vitality. We established a positive and sustainable corporate culture, conducting internal control system construction with the mindset of “Objectives-Risks-Control,” thereby forming a risk control loop. We staunchly combated internal corruption, fostering a righteous organizational atmosphere, and safeguarding those who contribute significantly. We also renamed the Strategy Committee to the Strategy and Sustainable Development Committee, further strengthening sustainable development manage-

ment and enhancing ESG governance.

Driving development through innovation. We prioritized leveraging the power of innovation to drive progress, striving to break new ground in the conversion of scientific achievements. In 2023, we obtained authorization for 178 patents, showcasing our commitment to innovation. Notably, we fully embraced our independently developed technology, the Xinxiwang 10K “pig chip,” overcoming challenges in breeding technology. We focused on the “three fulls and four transformations” digital transformation strategy to promote the integration of business and digital technologies. Our Hongtong digital nutrition system successfully bridges the gap between technical research and development, nutritional design, and market validation, forming a seamless data link. We remained steadfast in our efforts to support farmers and promoted sustainable development in the pig industry. Collaborating with nearly 4,000 households nationwide, we achieved an annual output of 17.68 million pigs, driving significant increases in farmers’ income exceeding RMB 3.22 billion. Actively implementing energy conservation and carbon reduction measures, we partnered with the State Power Investment Corporation Limited to advance a 3 million-kilowatt zero-carbon comprehensive smart energy project. Additionally, our long-term partnership with the Volkswagen Group in emission reduction and carbon reduction areas further promotes biological carbon sequestration, yielding triple benefits in ecology, environment, and economy.

Empowering the society through value creation. We further deepened our commitment to resource conservation, saving nearly 1.4 million tons of grain by optimizing various aspects of our operations, including livestock and poultry breeding, feed formulation, feed production, grain storage, transportation, and farming. Adhering to the “Rebirth” recyclable agriculture model, we actively promoted sustainable farming practices. Within the year, we reclaimed 17.18 million tons of water for irrigation, utilized 130,000 tons of organic fertilizers, cultivated 70,000 mu (4,667 hectares) of farmland on reclaimed land, and produced 2,467.5 tons of fresh fruits and vegetables. Furthermore, our “100,000 Green Collar New Farmer Training Program” has trained over 84,000 individuals offline, and the third session of the “Village Head Course” gathered over 100 village heads from 22 provinces for more than 20 educational seminars. In line with our commitment to public welfare, we have actively engaged in charitable endeavors by providing assistance, donating supplies, and deploying volunteers to assist those affected by disasters domestically, like the flood in Tianjin and the earthquake in the Jishishan area of Gansu Province, as well as international disasters like the earthquakes in Turkey and floods in Bangladesh, demonstrating the Company’s social responsibility and the courageous commitment of our employees.

As the winter lingers, we know that spring will not be far behind. In times of adversity, it is crucial to maintain unwavering confidence and fearlessness. The power to navigate through the cycle doesn’t come overnight; hence, we will uphold our belief in long-termism, turning challenges into transformative opportunities, and collaboratively creating a future full of new hope with all stakeholders.

New Hope Liuhe's Wartime Culture

Core Philosophy

Stand firm in belief, endure with passion.

Four Key Spirits

Victory Spirit:

Uphold steadfast belief, face challenges fearlessly, share weal and woe, and embrace a spirit of entrepreneurship.

Fighting Spirit:

Rise to the challenge, with achievements as the focus.

Pragmatic Spirit:

Business first, customer paramount.

Strive to win without losses. Everyone contributes to the profit pool.

Everyone is responsible for their own area and accountable for the root causes within their control.

Dive into the front lines and obtain first-hand information.

Cut back on management frills, focus on the core of business.

Seek value from customers, not visibility from leaders.

Unity Spirit:

Holistic view, mutual achievement.

Set an example and always thrive with the team.

Achieve success, fulfill the company, and realize personal growth.

About New Hope Liuhe

New Hope Liuhe Co., Ltd. (SZ.000876), the largest industrial sector of the New Hope Group, was founded and listed on the Shenzhen Stock Exchange in 1998. Rooted in the agriculture and animal husbandry industry, the Company primarily advances its operations in feed production, pig breeding, and meat products. As one of the leading enterprises in agriculture industrialization, we leverage our influential role to drive broader impacts, committed to building a safe and healthy mega food industry value chain by integrating resources globally. Our operations span across China and extend to 15 countries, including Vietnam, the Philippines, Indonesia, Singapore, and Egypt, all aimed at supporting the people's aspirations for a better life.



**Efficient Governance:
Upholding Long-Termism
through Dedication**

**Quality Innovation:
Protecting Life with Our
Every Effort**

Operating revenue: RMB **141.703** billion
Feed sales volume: **28.76** million tons
Pig output volume: **17.68** million heads

R&D investment: RMB **209.58** million
Total number of valid patents: **1,725**
Number of testing centers accredited by CNAS: **3**





**Green Industry:
Nourishing Nature with
Circular Agriculture**

Total investment in environmental protection: RMB **336.8** million
New solar photovoltaic projects: **11**, equivalent to reducing CO₂ emissions by **15,638** tons
Biological carbon sequestration on designated land: approximately **170,000** tons of CO₂ equivalent

**Empowering Employees:
Pursuing Excellence
Through Growth**

Total number of employees: **50,517**
Average training time per employee: **21.98** hours
Investment in production safety: RMB **88.8138** million

**Nurturing Hope for a
Better World with Social
Commitment**

Total public welfare donations: RMB **6.611** million
The "Green Collar" project's offline training has reached over **84,000** participants
The "Company + Farmers" collaboration has supported nearly **4,000** family farms, resulting in RMB **3.22** billion in income for the farmers.



ESG Governance



New Hope Liuhe adheres to the *Code of Corporate Governance* for Listed Companies by the China Securities Regulatory Commission and other requirements, persistently advancing the enhancement of the Company’s environmental, social, and governance systems. The Board of Directors, serving as the highest governing body for economic, environmental, and social matters, diligently fulfills its role of examining, making decisions, and overseeing the Company’s ESG initiatives. It enhances the Company’s performance in sustainable actions by effectively incorporating ESG principles into the Company’s development strategy and daily operations.

In 2023, the Company enhanced its organizational framework for ESG by implementing a top-down structure consisting of supervisory, management, and executive layers aimed at securing the continuous efficacy of its ESG efforts. The Strategy Committee under the Board of Directors has been renamed the Strategy and Sustainable Development Committee, and adjustments were made to the Company’s *Articles of Association*, Rules of Procedure for the Board of Directors, and the *Detailed Rules for Specialized Board Committees*. The Strategy and Sustainable Development Committee now undertakes the task of researching and providing advisory recommendations on ESG governance, including dealing with issues like ESG risks, significant ESG matters, and the formulation of ESG strategies and policies, ensuring compliance with the expectations and regulations of investors and overseeing authorities.

Board of Directors

The Board evaluates the Company’s mid-to-long-term development plans, corporate strategies, ESG objectives, ESG planning programs, and significant ESG issues, and takes accountability for their effectiveness.

Strategy and Sustainable Development Committee

The committee guides and oversees the Company’s overall ESG philosophy, ESG management performance objectives, implementation plans, significant projects, and the identification and prioritization of ESG issues. It supervises and evaluates the progress towards achieving these objectives, offers advice on actions required to meet these goals, and reports to the Board of Directors.

It also reviews and approves the Company’s annual sustainability report to ensure it aligns with the expectations and requirements of investors, regulatory bodies, and other stakeholders.

The Supervisory Bodies

- Board of Directors

Strategy and Sustainable Development Committee

The Management Team

ESG Management and Supervisory Group

The group is led by the secretary of the Board and comprises senior managers from various functional departments that address ESG-related issues.

It is responsible for developing ESG strategies, identifying and managing ESG opportunities and risks, assessing the significance of ESG issues and integrating them into business decision-making, setting ESG goals and plans, and conducting periodic reviews of ESG performance.

The Execution Layer

Working Group

The working group supports the ESG Management and Supervisory Group in their duties, which include organizing ESG objectives, strategic planning, and annual work schedules, coordinating the assessment of ESG risks and opportunities, identifying ESG-related issues, collaborating with various departments and subsidiaries to develop and monitor action plans, and managing the disclosure of ESG-related information.

Functional Departments and Subsidiary Companies

Consisting of members from relevant functional departments and subsidiaries, who are involved in ESG-related matters.

Responsible for implementing specific tasks in ESG-related areas, developing specialized ESG plans, managing ESG-related metrics, and handling the collection and submission of ESG information.



Grounded in our cultural philosophy of “stand firm in belief, endure with passion,” we have established the “Tree of Hope” ESG strategy at New Hope Liuhe. This strategy aims to lead and integrate ESG across business decision-making and operations. By reinforcing our foundations and driving growth, we empower externally, enhancing the Company’s risk management and value creation capabilities. We dedicate ourselves to being a reliable entity, working together with all stakeholders to build, create, and share a hopeful and promising future.



Driving Growth

- Product responsibility
- Digitalization and technological innovation
- Sustainable Supply Chain
- Ecological breeding
- Addressing climate change



Facilitating External Empowerment

- Enhancing nutritional accessibility
- Community engagement and development



Reinforcing Our Foundations

- Human resource development
- Corporate governance and business ethics

Increased value creativity

Improved risk prevention and control capabilities



Cultural base

Stand firm in belief
Endure with passion



The Company is diligently advancing ESG management by incorporating sustainable development principles deeply into our decision-making and operations. Internally, we are enhancing our ESG practices to improve our responsibility and operational standards. Externally, we utilize our advantages to become a pioneer in rural revitalization and philanthropy, fostering cross-sector collaboration and encouraging diverse engagement to jointly seek social prosperity and sustainable development.

In 2023, we developed the *New Hope Liuhe Co., Ltd. ESG Indicators Management Handbook* to further clarify the centralized management and functional divisions of ESG issues among various functional departments and business units. It established a comprehensive system to collect, integrate, and analyze ESG information, promoting regular management and disclosure of ESG-related activities within the Company. In an effort to boost ESG knowledge and consciousness among managerial staff, the Company conducted two ESG-focused training programs targeted at managers across different functional departments. These sessions covered an array of topics including the fundamentals and development of ESG, the latest regulatory requirements related to ESG, and practical guidance for implementing ESG practices, all aimed at enhancing the effective application of ESG principles within the Company.

Furthermore, we have actively participated in drafting the *Animal Husbandry Industry Environmental, Social, and Governance (ESG) Information Disclosure Guide* group standard. We engage in thorough exchanges regarding the quality and safety of livestock products, supply chain risk management enhancement, and the experiences and associated challenges with ESG management disclosure in the sector. We also provide constructive suggestions for revising and improving these standards, contributing to the high-quality development of the animal husbandry industry.

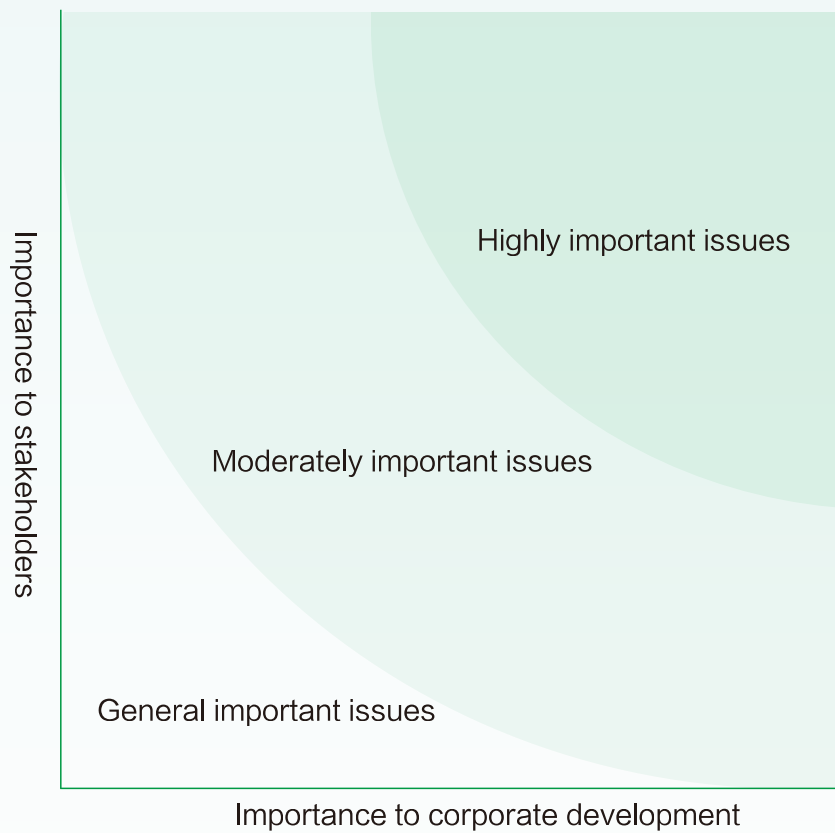


Awards	Issued by
Best Practical Case in Rural Revitalization	China Association for Public Companies
Top 500 Charitable and Public Welfare Companies among Chinese Listed Companies	Organizing Committee of China Enterprise Charity Forum
Case of Promoting Circular Agriculture and Waste-to-Energy included in the China Food Industry ESG Value Development Report	Accounting Society For Foreign-Economic Relations & Trade of China
ESG New Benchmark Enterprise Award	Stock Star
Most Socially Responsible Listed Company	National Business Daily



To gain a deeper and more accurate understanding of stakeholders’ expectations and demands, and to enhance the focus and substance of our reporting, New Hope Liuhe adheres to a substantive issue analysis process. This process is based on regulatory disclosure guidelines and takes into account sustainable development issues of concern to capital markets, rating agencies, international reporting standards organizations, and industry peers. We follow a pathway of “issue identification—issue screening—issue review—issue reporting,” and screen key issues of higher materiality through an importance assessment from the dimensions of their significance to the Company’s operations and to stakeholders, and disclose them with emphasis in the report . We are committed to consistently improving our ESG management to better meet the expectations and demands of stakeholders.

The issues positioned at the upper right corner of the materiality assessment matrix are categorized as highly important. Highly important issues that we have identified include product quality and safety, business ethics and anti-corruption, management of waste emissions, digital transformation, employee training and development, and participation in rural revitalization.



Highly important issues

- Product quality and safety
- Business ethics and anti-corruption
- Management of waste emissions
- Digital transformation
- Employee training and development
- Participation in rural revitalization

Moderately important issues

- R&D innovation and intellectual property protection
- Addressing climate change
- Quality customer service
- Supply chain management
- Water resource management
- Community co-building
- Protection of basic employee Rights
- Occupational health and safety
- Ensuring animal welfare
- Biodiversity conservation

General important issues

- Public welfare and charity
- Responsible marketing
- Information security and privacy protection
- Ensuring operational safety
- Open cooperation



The Company has developed a transparent and efficient stakeholder communication mechanism. With extensive communication channels and various methods of interaction, we consistently conduct genuine conversations with stakeholders, promptly grasp their demands, and actively respond to their expectations, strengthening the foundation for mutual growth with all stakeholders.

Stakeholders	Communication Channels and Methods	Expectations and Demands	Initiatives and Results in 2023
Government & Regulatory Authorities	Daily reporting and communication Meetings and exchange activities	Operate in accordance with laws and regulations, and pay taxes in accordance with the law Support local development Protect the local environment	Implement policies and pay taxes in accordance with the law Take the initiative to assume social responsibilities and drive economic and employment growth
Shareholders & Investors	Information Disclosure General Meeting of Shareholders Working conference Exchange visits	Transparent financial disclosure Strengthen risk management and control Consistent and stable returns	Improve corporate governance and investor relations management Maintain business and profitability growth Improving operational transparency
Customers	Information Disclosure Customer Feedback and Resolution Customer satisfaction survey	Product quality and safety Provide high-quality services Information security protection	Strengthen product quality and safety control The Company's technological innovation and digital intelligence transformation won the Food Safety Science and Technology Innovation Award Protect customer privacy Improve customer satisfaction
Partners	Project cooperation Working conference Daily communication	Transparent and honest cooperation Mutual support and win-win development	Create a responsible supply chain Continuously optimize the "Company + Farmers" cooperation model Provide exchanges and training to empower partners' growth
Employees	Regular meetings Regular training Exchange activities	Protect basic rights and interests Facilitate career development channels Balance work and life	Provide market-competitive compensation package and opportunities for learning and growth Create a good work environment Increase investment in production safety
Environment	Environmental information disclosure Green environmental protection activities	Reduce the environmental impact of business activities Scientific and efficient use of resources	Strengthen environmental management and reduce the impact of waste Develop ecological breeding and establish long-term cooperation with Volkswagen Germany in the field of emission reduction and carbon reduction Accelerate the transformation of clean energy and promote photovoltaic power generation and biogas recycling
Communities	Public welfare activities Volunteer service Information disclosure	Promote regional development Support public welfare and charity Increase employment opportunities	Continue to engage deeply in our charitable activities, such as the Hope and Wish Plan and Warm Winter Action programs Advance the "Five-Five Project" to promote rural industrial revitalization and talent rejuvenation Recognized as one of the "Top 500 Chinese Enterprises in Charity" and a "Best Practice Example for Rural Revitalization"

Responsibility Focus

Building Resilience Across Cycle Through Firm Belief

“In agriculture, there is life. We must invest in patience and compassion. With this endurance, this long-termism, we truly have the possibility to stand firm and stable in this industry.”

—Liu Chang, Chairwoman of New Hope Liuhe

In recent years, agricultural and animal husbandry enterprises have faced numerous challenges. There has been increased uncertainty in the global economy, coupled with complex domestic and international situations. Fluctuations in raw material prices, persistent depression in pig prices, and the continuous impact of African swine fever have collectively plunged the industry into an unprecedented cyclic downturn. Amidst this backdrop, as a company deeply rooted in the agricultural sector and committed to long-termism, New Hope Liuhe maintains firm beliefs. Embracing the ethos of resilience, we have sounded the clarion call of wartime culture. Our unwavering focus lies in the core industries of “Feed + Pig Farming,” where we tirelessly endeavor to reduce costs, enhance efficiency, optimize structures, and build leaner organizational muscle. With a firm resolve, we are dedicated to “revitalizing new hope”, strengthening our resilience to navigate through the challenges of the current cycle.

Strategic Transformation: Focusing on the Core Sectors of “Feed + Pig Farming”

Concentrating on business operations and optimizing management is crucial for New Hope Liuhe to maintain its position and achieve breakthroughs amidst challenges. We’ve proactively adjusted the Company’s development strategies and industrial structures, forging partnerships with esteemed industry players. We sold 51% of the shares of our subsidiary, Shandong Zhongxin Food Group Co., Ltd., to China Animal Husbandry Group. Furthermore, we transferred 67% of the shares of our holding subsidiary Deyang New Hope Liuhe Food Co., Ltd. to Hainan Shengchen Investment Co., Ltd., collectively supporting the development of white-feathered poultry and advanced food processing.

Following the reorganization of our business, our focus is on the pivotal sectors of “feed” and “pig farming.” Internally, we are strengthening cost control and adjusting organizational structures. Externally, we are enhancing our revenue-generating capabilities and continuously improving profitability levels. These efforts aim to support the refinement and strengthening of our two main businesses, thereby reshaping the Company’s competitive edge as a listed company.

All-Out Effort in Refined Operations to Boost Efficiency and Reduce Costs

Amidst the transition to a “wartime economy,” the pivotal strategy for transformation and advancement is an intensified focus on core businesses and increased technological integration. We actively optimize our organizational structure to boost operational efficiency and leverage digital tools to enhance digital collaboration capabilities, thus increasing efficiency at every stage of production, with a full commitment to cost reduction and efficiency enhancement.

Organizational Restructuring

Feed sector: We have undertaken organizational restructuring based on regional dominance and specialized lines, establishing six major regions in Western China, Shandong, South China, North China, Central China, and East China. Furthermore, we have decentralized core business management functions and personnel to these regions from the headquarters, thereby enhancing organizational efficiency and fostering long-term regional competitiveness.

Pig farming sector: We have established the Pig Farming Business Group to better manage, serve, support, and empower frontline business units, channeling company resources and focus towards frontline operations to enhance the execution and synergy of the pig industry. Additionally, we have extensively promoted and replicated benchmark practices to drive continuous improvement in farming and production indicators and steadily reduce overall production costs.

Digital Empowerment

Feed sector: We have firmly implemented the specialized projects to ensure efficiency improvement and cost reduction. We have utilized intelligent tools such as the Hongtong and Xinsu to assist high-efficiency collaboration across technology, procurement, product, and production sectors. Precise assessment of raw material requirements maximizes the value from procurement to application, effectively reducing logistics, packaging, and additional costs. In 2023, we successfully identified the value points of materials such as sunflower meal and wheat, achieving a closed-loop management system where purchased materials, their usage, production, and application are all traceable and valuable.

Pig sector: We have consistently upgraded our digital operating systems. At the breeding end, we have achieved automatic data collection for key production actions and ensured 100% implementation. At the fattening end, we have implemented precise measurement of pig feeding, enhanced the efficiency of free-range operations, and refined the control of business processes such as dynamic perception and automatic formation of targeted health management. Focusing on the completeness of indicators, the depth of indicator analysis, and the intelligence of applications, we have comprehensively improved operational efficiency, thereby driving the continuous declines in key performance indicators: capitalization, weaning success, and total cost.

Wartime Culture Guides the Company Values

Corporate culture can lead the way in shaping values and inspiring people, forging the soul of a team. Only a team with a soul can possess combat effectiveness. To rally all employees into a warrior mindset to face challenges together, on October 26, 2023, New Hope Liuhe hosted a cultural-themed salon event, engaging in discussions and reflections on corporate culture. This event served to deepen communication and consensus among the team. On December 13, we unveiled the “One Core Philosophy, Four Key Spirits” wartime culture, inspiring everyone to maintain unwavering confidence in the agricultural and animal husbandry industry, to stand united, and to continue reducing costs, accumulate strength, and successfully navigate through difficulties, embracing a long-term vision in the fields.



New Hope Liuhe’s Wartime Culture

Core Philosophy

Stand firm in belief, endure with passion.

Four Key Spirits

Victory Spirit:
Uphold steadfast belief, face challenges fearlessly, share weal and woe, and embrace a spirit of entrepreneurship.

Fighting Spirit:
Rise to the challenge, with achievements as the focus.

Pragmatic Spirit:
Business first, customer paramount.

- Strive to win without losses. Everyone contributes to the profit pool.
- Everyone is responsible for their own area and accountable for the root causes within their control.
- Dive into the front lines and obtain first-hand information.
- Cut back on management frills, focus on the core of business.
- Seek value from customers, not visibility from leaders.

Unity Spirit:
Holistic view, mutual achievement.

- Set an example and always thrive with the team.
- Achieve success, fulfill the company, and realize personal growth.



Egypt Region

Building New Hope along the Belt and Road with Enduring Passion

“Chinese companies participating in the construction of the ‘Belt and Road’ are like seeds, carrying the spirit of Chinese manufacturing and Chinese entrepreneurship to the partner countries, while also making positive contributions to the lives of local people.”

—Liu Yonghao, Chairman of New Hope Group

Under the guidance of the Belt and Road Initiative (BRI), New Hope Liuhe follows the principle of win-win cooperation, actively develops its overseas footprint along the Belt and Road, and has gradually formed a business synergy network connecting the world. Seeds carrying the spirit of New Hope are flying overseas with the wind of the BRI cooperation, taking root, blossoming, and bearing fruit in distant lands.

● Striding Along the New Silk Road

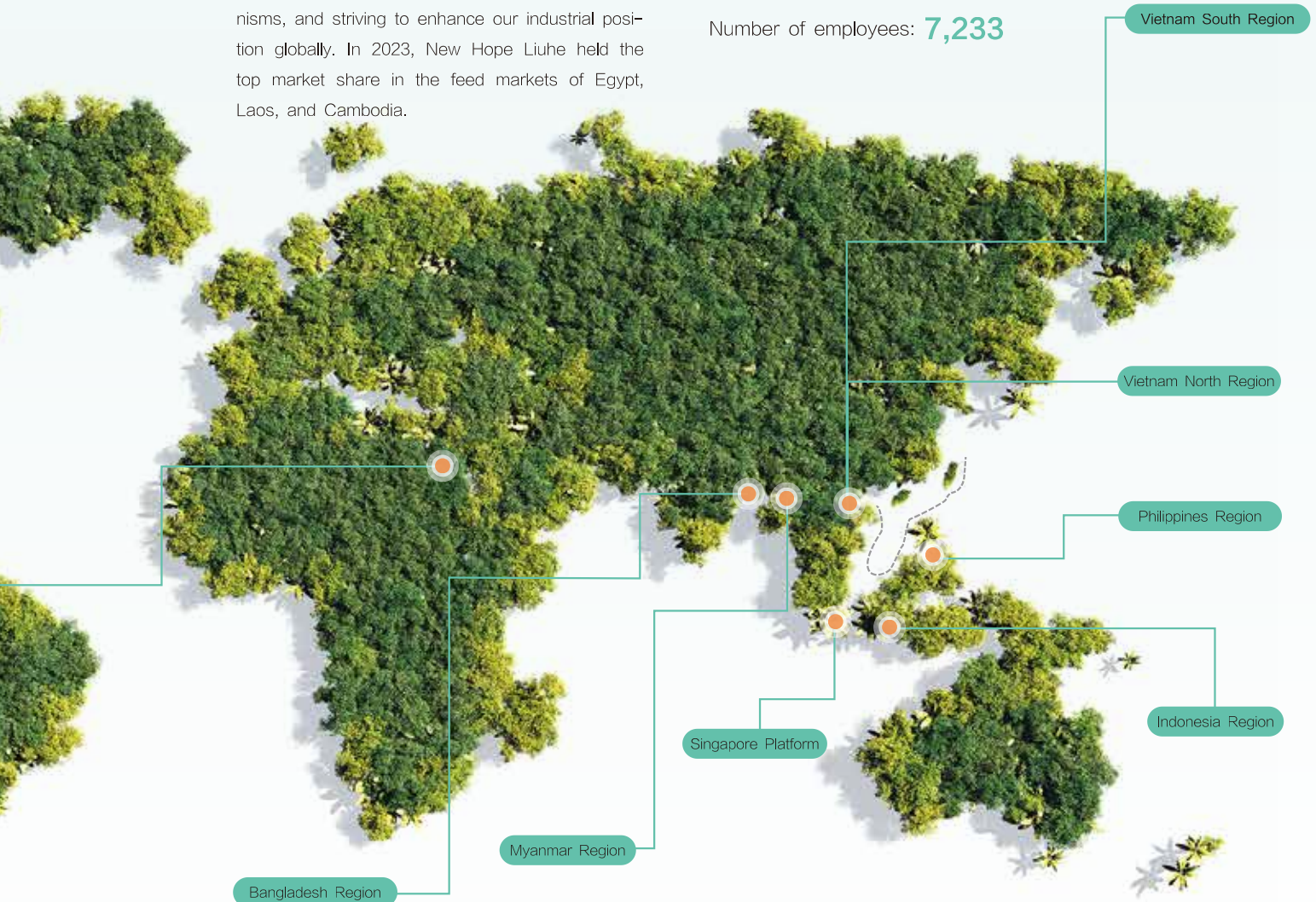
We continue to improve our international operations along the Belt and Road, continuously optimizing overseas business management mechanisms, and striving to enhance our industrial position globally. In 2023, New Hope Liuhe held the top market share in the feed markets of Egypt, Laos, and Cambodia.

Overseas market revenue in 2023: RMB **20.079** billion

Total feed sales volume: **467** tons

Number of subsidiaries: **60**

Number of employees: **7,233**



● Igniting New Hope

Throughout the process of industrial expansion, we have consistently adhered to our social responsibilities and acted as a friendly investor, creating value for the local residents in overseas locations and contributing to their vibrant development.

● Leading Industrial Development

The Company integrates advanced production technology and management expertise with local resources, providing technical support and management guidance to overseas operations, thereby facilitating the continuous upgrade of local industries.



Technological Research and Innovation

We introduced the advanced domestic formulation technology to our feed industry overseas and conducted localized research and innovation tailored to the local market conditions, ensuring products provide comprehensive and balanced nutritional support.



Stringent Quality Assurance

We maintained strict oversight of the sourcing and quality of raw materials and applied mature quality control systems and processes from China to drive continuous improvement in product quality standards in local markets.



Health Awareness Promotion

We engaged local farmers in promoting awareness of animal health, emphasized the importance of feed for animal health and growth, and raised consumer awareness of healthy feed products. We introduced various healthy food options with transparent labeling to enhance consumer understanding of the health value of the products.

● Supporting Local Economy

The Company is committed to driving economic development in operational areas through localization strategies. Prioritizing localized procurement and employment policies, we focus on nurturing local talent and creating more job opportunities and business demand within the community. This initiative promotes local social stability and development, and secures a strong social reputation and government support for the Company.



Egypt Region:

We have established strategic partnerships with Cairo University, Alexandria University, and Kafrelsheikh University. Additionally, our facilities are strategically located in areas with concentrated local labor markets, significantly boosting rural employment.



Vietnam North Region:

We have initiated collaborative projects with Bac-giang Agriculture and Forestry University, providing training, practical experience, and employment opportunities for the students.



Vietnam South Region:

We have engaged in extensive cooperation with universities such as Ho Chi Minh City University of Education, Ho Chi Minh City University of Agriculture and Forestry, Can Tho University, Nha Trang University, Hue University, and the Royal University of Agriculture in Cambodia. This cooperation includes hiring professors for on-site staff training, supporting impoverished students in completing their education, facilitating student employment, and jointly establishing animal welfare laboratories.



Poultry Business Group:

We have established scholarships, internships, and training programs established to support local student education and career development. We conduct regular safety, skills, and management training sessions monthly to enhance the quality of local employees and nurture high-potential employees through mentoring programs.

Local employee hiring ratio: over **92%**



Localized procurement ratios:



Strengthening Human Rights Management

The Company strictly adheres to local laws and regulations as well as international human rights standards, respecting and protecting fundamental human rights in the workplace. We explicitly prohibit any form of violence and conflict, ensuring that human rights-related policies are consistently implemented worldwide and integrated into all business activities.

Human Rights Objectives



In 2023, New Hope Indonesia has set specific human rights objectives, including raising employee awareness of human rights, enhancing responsiveness to workplace injustices, conducting ongoing human rights training, strengthening scrutiny of supply chain partners, and improving complaint mechanisms to more effectively address and resolve employee and community concerns.

In 2023, the Overseas Poultry Business Group set specific human rights objectives, including further reducing workplace discrimination incidents, increasing employee participation and satisfaction, and increasing the proportion of women in management positions. Through continuous education and training, workplace discrimination complaints decreased by 25% in 2023, overall employee satisfaction increased by 15%, and the proportion of women in management roles increased by 5%.

Engaging in Overseas Public Welfare

New Hope Liuhe actively participates in overseas social welfare undertakings, engaging in various charity and volunteer projects such as disaster relief, poverty alleviation, and education support. We deeply engage with local communities, sincerely communicating with residents, and providing warmth and care to those in need.

Promoting Cultural Integration

The Company encourages cultural diversity and integration by organizing various multicultural festival celebrations and cultural exchange programs. These initiatives foster mutual understanding and respect among employees, making local staff feel the warmth of a global family.

case

Food Supply Program Helps Address Hunger and Malnutrition Issues in Philippines



In recent years, multiple crises have led to a sharp increase in the number of children globally suffering from hunger and malnutrition. On July 8, 2023, New Hope Central Luzon Agriculture Inc. collaborated with Barangay Sto local government unit to launch the Corporate Social Responsibility Food Supply Program. The program aimed to provide vegetables, cooked food, and multivitamins to approximately 100 impoverished children aged 5 to 15 in the Nino area, supporting their healthy growth and contributing to the global effort to combat hunger and malnutrition.

case

New Hope Bangladesh Receives Multiple Honors as Key Enterprise in Sino-Bangladesh Development



New Hope Bangladesh has been consistently enhancing its brand influence in the local community. Its initiatives such as the training program for female farmers, disaster relief efforts in Sylhet, and donation of oxygen equipment to hospitals during the pandemic, have been featured in the 2023 *Social Responsibility Report of the Chinese Enterprises in Bangladesh*. The company was recognized as one of the 16 key enterprises in Sino-Bangladesh development and was honored as the “Outstanding Contributor in Sino-Bangladesh Development for 2023” in December 2023.



Chinese Ambassador to Bangladesh Yao Wen presents awards to New Hope Bangladesh at the launching ceremony of the *2023 Social Responsibility Report of the Chinese Enterprises in Bangladesh*



New Hope Philippines conducts the Back to School charity event



New Hope Myanmar donates to the relief efforts for typhoon Mocha



New Hope Bangladesh focuses on rural nutrition and implements a donation program



New Hope Turkey receives appreciation from charitable organizations for its assistance after an earthquake



New Hope Indonesia's Surabaya branch provides condolences to villagers during the Eid al-Fitr festival



Collaboration between the Northern Vietnam Branch and local universities



New Hope Indonesia carries out assistance activities for impoverished villagers

Efficient Governance

01

Upholding Long-Termism through Diligent Efforts



Interaction with investors over **3,000** times

Total time of anti-corruption training **56,700** hours

Supplier Integrity Commitment/ Agreement Signing Rate: **99%**



Strengthening Party Building

The year 2023 marked the first year to implement the guiding principles of the 20th National Congress of the Communist Party of China (CPC) on all fronts and also the year of proactive engagement in Party building for the New Hope Group. Under the leadership of the higher Party committee, the Party Committee of New Hope Liuhe, guided by the objective of “strengthening the Party and promoting development,” diligently implemented the main responsibility for governing the Party and adhered comprehensively to the spirit of the 20th CPC National Congress. We proactively implemented the four actions of “brand upgrading, talent cultivation, innovation and progress, and empowering business growth,” providing a solid political guarantee for the Company’s stable development.



Conducting Theoretical Study Programs

The Company deeply engages in theoretical study on learning and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. This involves integrating the latest Party theories with the practical development of the Company, guiding Party members and employees to equip themselves with Party theories to guide their practice and advance their work. The initiative inspires employees to take responsibility, make innovations, and overcome difficulties in work, fostering a good atmosphere of unity, cooperation, and collective endeavor.

Promoting Co-building and Co-integration

The Company’s Party Committee implements the requirements of the New Hope Group Party Committee for “integrated Party building,” striving to enhance the quality and influence of Party building activities, further deepening the effectiveness of Party building, and fully playing the core guiding role of Party building work in business development. During the reporting period, the Company conducted co-building activities with departments like the Sichuan Provincial Department of Agriculture and Rural Affairs and the Chinese People’s Political Consultative Conference (CPPCC) Mianyang Municipal Committee, and signed co-building agreements with Industrial Bank, as well as cooperated with Export-Import Bank of China and China Merchants Bank to carry out public welfare activities.

Strengthening Organizational Construction

The Company’s Party Committee prioritizes the Party’s organizational building, optimizes its organizational structure, builds a strong Party membership, and gives full play to the role of Party organizations as militant bastions and the exemplary and vanguard role of Party members, supporting the overall situation of the Company’s business development. On December 15, 2023, the New Hope Liuhe Party Committee held a Party member representative conference, electing 3 new Party Committee members and appointing Lan Jia, Secretary of the Board of Directors and Chief Strategic Investment Officer, as the Secretary of the Party Committee.

Case Participating in Party Building Symposium to Share Party Building Experience

On April 12, 2023, New Hope Liuhe actively participated in the Symposium on Party Building of Private Listed Companies, hosted by the China Association for Public Companies and the People’s Government of Lankao County. As one of the representatives of listed companies, we shared our Party building ideas, practices, and experiences at the event. The conference explored ways and methods for Party building to lead high-quality development of companies, providing new ideas, practices, and experiences for Party building in private enterprises. In the future, we will also conscientiously implement the Party Central Committee’s requirements for strengthening Party building in private enterprises. With the “New Hope Red” Party building brand as our guide, which emphasizes integrated, responsible, and youthful Party building, we will deeply integrate Party building with production and business operations, and continuously innovate Party building approaches.



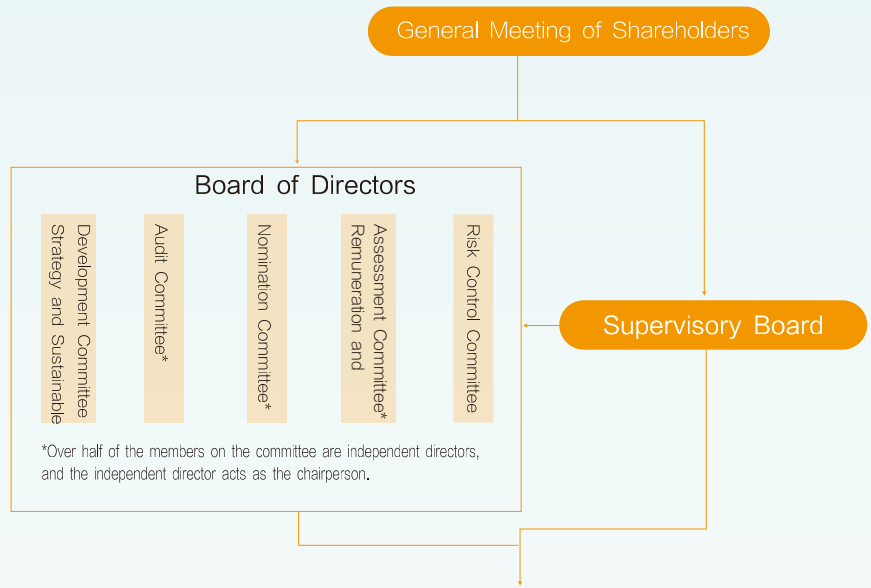
Enhancing Corporate Governance

Sound corporate governance is essential for the sustainable development of a company. New Hope Liuhe upholds a responsible attitude towards investors by constantly refining its corporate governance structure, bolstering the protection of investor rights, and further increasing the standardization and transparency of its corporate governance.

Governance System

The Company adheres strictly to a series of legal regulations including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, the *Procedures on the Administration of Information Disclosure of Listed Companies*, and the *Shenzhen Stock Exchange Listed Companies Self-disciplinary Supervision Guidelines No. 1 - Rules for the Standard Operation of Main Board Listed Companies*, among others. Combined with practical business management, we have established and consistently improved our corporate governance structure and procedural rules, ensuring efficient and robust operations. The Company has formulated a set of internal corporate governance documents, and updated six systems in 2023, including the *Articles of Association*, *Rules of Procedure for the Board of Directors*, and the *Detailed Rules for Specialized Board Committees*.

The Company has established and standardized a governance structure of the three key bodies: the General Meeting of Shareholders, the Board of Directors, and the Supervisory Board. This structure clearly defines the responsibilities and authority in decision-making, execution, and supervision to ensure an effective division of duties and a balanced oversight mechanism. The Board of Directors serves as the Company's decision-making body, comprising five specialized committees: the Strategy and Sustainable Development Committee, Audit Committee, Nomination Committee, Compensation and Assessment Committee, and Risk Control Committee. Each committee executes specific operational and management responsibilities based on their expertise. Notably, the Audit Committee, Nomination Committee, and the Compensation and Assessment Committee have a majority of independent directors who also act as conveners. Furthermore, the chairperson of the Audit Committee is a seasoned accounting professional. To ensure the independence of the Board of Directors and mitigate the risks associated with related party transactions, the Company has established an Internal Control System for Related Party Transactions. This comprehensive system outlines the identification of related parties, pricing of related party transactions, approval authorities, and other detailed measures to guarantee that all related transactions adhere to principles of fairness, transparency, and impartiality. During the reporting period, the Company has legally convened meetings of the General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and specialized committees. We rigorously followed the regulations concerning voting issues and procedures, protecting the legitimate rights and interests of the listed Company and its shareholders. For detailed information on the composition of the Board of Directors, its performance, the members of the specialized committees and their operational functions, as well as shareholder and actual controller details, and related party transactions, please refer to the New Hope Liuhe Co., Ltd. 2023 Annual Report.



4 shareholders' meetings were held throughout the year, addressing 31 agenda items

10 supervisory board meetings were held throughout the year, addressing 23 agenda items

16 board meetings were held throughout the year, addressing 69 agenda items

9 Audit Committee meetings,

3 Remuneration and Assessment Committee meetings,

and 2 Risk Control Committee meetings were held throughout the year



The Company is actively engaged in constructing a board with diverse backgrounds. The appointment procedures for directors and senior management are explicitly outlined in the Detailed Rules for Specialized Board Committees, with all appointments made on the principle of employing the best talent, and with consideration given to better achieving diversity among board members. The Board of Directors currently consists of 8 directors, including 3 independent directors (of which 2 are female), accounting for over one-third of the total board membership; and 5 non-independent directors (of which 1 is female). These directors bring a range of expertise in fields such as risk management, financial management, corporate governance, agriculture, and animal husbandry. The Compensation and Assessment Committee is responsible for reviewing the performance of directors (non-independent directors) and senior management and carrying out their annual performance evaluations. These assessments are connected to various factors, including the execution of their responsibilities, their professional abilities, and the Company's operational status. Additionally, the Company has developed comprehensive internal constraints and accountability mechanisms, with the Risk Management Committee responsible for pursuing economic or administrative accountability of the directors, supervisors, and senior executives for their dereliction of duty.

During the reporting period, the directors of the Company adhered to relevant national legal and regulatory provisions, actively participated in board and shareholder meetings, and provided valuable insights and suggestions on the Company's operations, development strategies, and major decisions. In an ongoing effort to enhance governance and compliance standards continuously, our board members, supervisors, and senior management actively participate in training sessions organized by the government, the Securities Regulatory Commission, stock exchanges, and relevant associations. These sessions are focused on corporate governance and diligent duty performance, including Chairman and General Manager training and Supervisor training. In 2023, we participated in training sessions specifically for controlling shareholders, actual controllers, and senior executives of listed companies in Sichuan Province, along with workshops on interpreting regulations for independent directors of listed companies. Total training attendance by directors, supervisors, and senior management personnel: 22.



Proportion of Female Directors

37.5%

Gender of Directors

5 male directors **3** female directors.

Position of Directors

1 executive director, **4** non-executive directors, and **3** independent directors.

Age of Directors

3 directors aged 49 or below, **2** directors aged between 50 and 64, and **3** directors aged 65 or above.

Academic Background of Directors

5 directors with master's degrees, **2** directors with doctoral degrees, and **1** director with a bachelor's degree or less.

Investor Rights Protection

New Hope Liuhe places great importance on the protection of investor rights, complying with the China Securities Regulatory Commission's *Rules for the Shareholders' Meetings of Listed Companies* and internal protocols including the *Information Disclosure System*, *Investor Relations Management System*, and *Significant Information Internal Reporting System*. This ensures that investors are well-informed about and can participate in significant corporate matters. During the reporting period, the Company actively carried out information disclosure work, compiling and disclosing 4 regular reports and 255 interim announcements, ensuring timely, accurate, and complete information disclosure. Additionally, communication and interaction with investors were maintained through diverse channels such as investor communication activities, on-site investigations, investor hotlines, and the irm.cninfo.com.cn, with communication and interaction with investors exceeding 3000 times across all channels.

The Company treats all investors equally and places particular emphasis on creating opportunities and providing convenience for minority investors to participate in activities. The Company's shareholders' meeting adopts a combination of on-site voting and online voting to facilitate the engagement of minority investors. Within the assembly's agenda, there's a dedicated segment for queries from minority investors, earnestly considering their viewpoints and proposals. For major matters that may affect the interests of minority investors, we conduct separate tallies for their votes, ensuring transparency in disclosure.

Investor exchange activities held: **10**

with a total of **1,050** attendances

Investor research visits hosted: **4**

Investor hotline responses: over **1,000**

Responses to clients on the irm.cninfo.com.cn: **566**

Communication and interaction with investors across various channels: over **3,000**

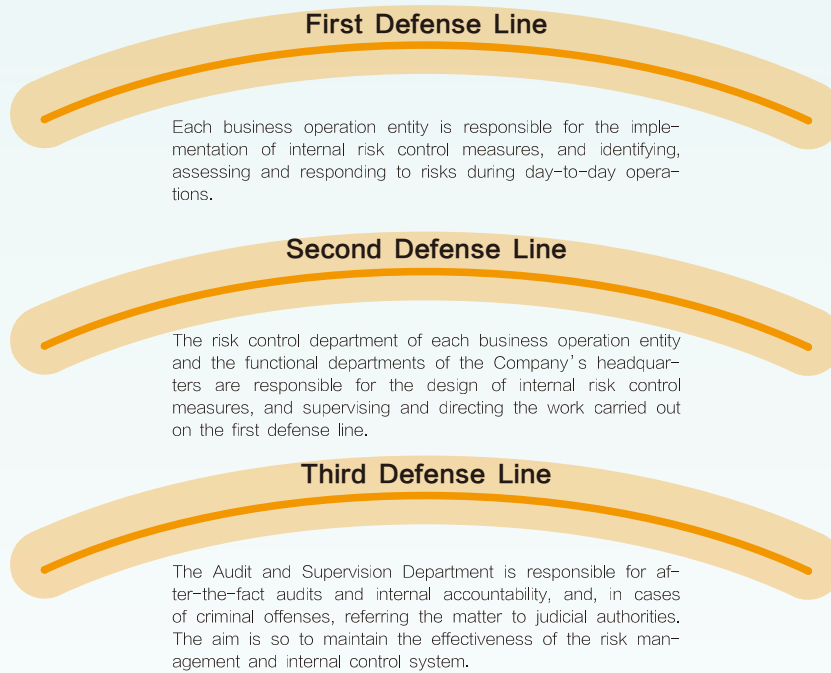
The Company has been honored with the "Best Listed Company" award by New Fortune.

Strengthening Risk Prevention

In strict compliance with the provisions of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Basic Internal Control Norms for Enterprises*, the *Application Guidelines for Enterprise Internal Control*, and other laws and regulations, New Hope Liuhe has developed its own regulations, such as the *Management System for Internal Controls of Enterprises* and the *System for Internal Accountability*. The Company has also instituted a sound and effective internal control and risk management system based on its business operations, competition conditions, and risk profiles. Moreover, we constantly reinforce employees' awareness of risk compliance and improve the Company's risk management level.

Risk Management System

The Board of Directors has set up a Risk Control Committee, under which a Risk Control Taskforce is responsible for decision-making and supervision of major matters relating to the Company's comprehensive risk management, as well as advising the Company's senior executives to lay a solid foundation for the three defense lines concerning risk management and control. These responsibilities call for accurate identification, prudent assessment, dynamic monitoring, and timely response to the sources of risks associated with strategies, finances, markets, operations, laws, safety and environments, and so forth.



Management Mechanism Optimization

The Company consistently improves risk control-related systems and process management. By means of system revisions, audits and inspections, as well as training programs, we effectively improve the standardization and effectiveness of risk control measures.

<p>System Standardization for Leak Filling</p> <p>In 2023, the Company unified the standards and procedures for issuing rules and regulations, set up a compendium of headquarters/industry rules and regulations, and organized the Company's risk control units from various sectors to collate a total of 3,334 systems, with a total of 14,400 instances of access. These efforts have ensured that the system management framework remains effective and reasonable.</p>	<p>Audit and Inspection for Bottom Line Support</p> <p>In 2023, the Company carried out multiple internal audit projects to gain a holistic picture of its operational profile and to identify and eliminate potential operational and internal control risks. These projects have helped the Company optimize its internal business processes and improve its operational efficiency and management level.</p>	<p>Cultural Development for Better Awareness</p> <p>In 2023, the Company initiated dedicated training sessions on risk management for key risk sources such as anti-corruption, production safety and environmental protection. These programs have consistently raised employees' risk management awareness and capabilities.</p>
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Financial audits conducted: **49**



Internal control audits conducted: **35**



In 2023, the Company became a member of the Risk Control and Audit Committee of the China Business Accounting Association

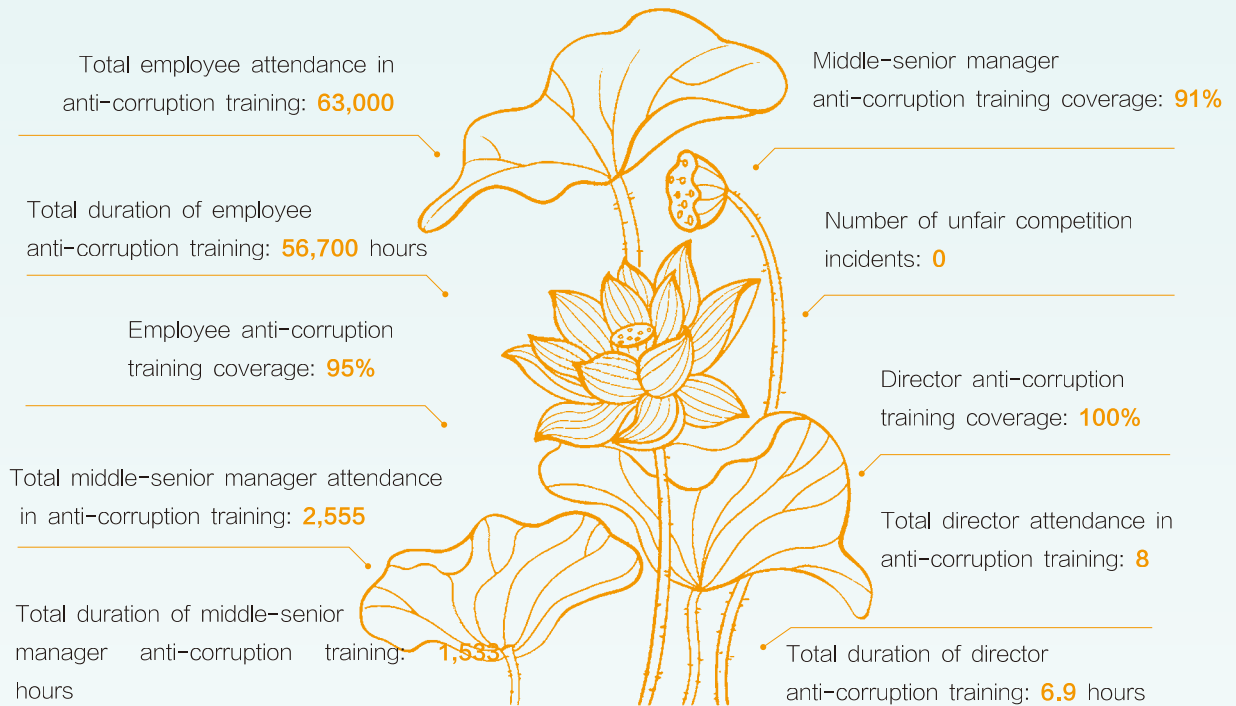
Abiding by Business Ethics

New Hope Liuhe has established a robust business ethics management system, with the Audit Committee of the Board of Directors taking charge of the supervision and management of business ethics and anti-corruption. We have promoted the formation of a structure featuring “one department and three centers” within the Company. Specifically, under the leadership of the Audit and Supervision Department, we have set up a mechanism for comprehensive synergy among the three functions: Supervision Center, Audit Center, and Internal Control Center. All these together contribute to the creation of an anti-corruption compliance system that values the principles of “Dare not to corrupt, can’t corrupt, don’t want to corrupt.” We have put in place several regulatory documents such as the *Employee Sunshine Commitment*, *the Code of Conduct for Agents*, and *the Six Red Lines of Non-permissible Actions*, which apply anti-corruption, anti-unfair competition, and anti-money laundering requirements to all of our employees and partners. We have also conducted regular audits on business ethics and anti-corruption matters related to production and operations to ensure that all operations can be audited once every three years. In 2023, the Company, with a mindset of intensifying its anti-corruption efforts, remained committed to fostering a clean, fair and just workplace. In case of any corrupt practices, we will take a zero-tolerance attitude to crack down on such practices and impose severe penalties, and at the same time, we will internally notify the penalties. All we want is to help all employees resist corruption and effectively raise their awareness of integrity.

Offering Digital Integrity Compliance Training	We have initiated the “Sunshine Action.” This includes requiring new recruits to sign a Sunshine Commitment, carrying out diversified integrity promotion activities, and publicizing the “Sunshine Cartoon” on the WeChat official account of “Sunshine Sixth Man.” Besides, we have organized anti-corruption training through our digital platform New Hope Academy. In 2023, this training reached a total of 63,000 employee attendances.
Supporting Online Integrity Compliance Reporting	Our employees are prohibited from accepting any form of commercial bribery. In case of failure to decline any form of commercial bribery, online reporting and registration is required on the internal platform before turning it over. In 2023, the Company recorded a total of 57,200 employees involved in conflict of interest situations, with a reporting completion rate of 92%.
Co-developing a Transparent Supply Chain Ecosystem	We uphold transparent sourcing and require suppliers to sign a Sunshine Cooperation Commitment, with a signing coverage rate of over 99%. We also organize offline anti-corruption training for procurement operators and online anti-corruption training for suppliers, with over 80% of small-scale suppliers being involved.
Conducting External Compliance Exchanges	We have actively enhanced the quality of supervision through information networking and promoted the sharing of anti-corruption information resources. In 2023, we initiated a campaign called “Integrity Treats You to a Cup of Tea” in association with the Audit and Supervision Department of Xiangpiaopiao Food Co., Ltd. and exchanged ideas with the Integrity Department of Three Squirrels Inc. and Sichuan Qiyang Group on compliance work.
Standardizing Anti-corruption Criminal Cases	We have enacted the <i>Ten Procedures for Handling Criminal Cases</i> , put in place and consistently optimized anti-corruption-related mechanisms such as the Audit and Supervision Joint Mechanism, the Supervisory BP System, the Operational Audit and Communication Mechanism, the Government-Enterprise Integrity Co-construction Mechanism, and the Case Tracking Mechanism. We have also set up the Punishment Information Database and the Supplier Blacklisting Management Database.
Upgrading Whistleblowing and Investigation Mechanisms	In order to safeguard the legitimate rights and interests of the Company, our employees and business partners, we have made available a variety of public whistleblowing channels, such as offline mail, online whistleblowing hotline, email, Feishu questionnaire, WeChat whistleblowing, and messages on WeChat official account. In addition, the Company has instituted the <i>Whistleblower Investigation Management Measures</i> to regulate in detail such matters as whistleblowing channels, whistleblowing mechanisms, the handling of whistleblowing matters and the investigation process, and the protection of whistleblowers.

Honors & Awards

The Company won back-to-back the Integrity and Compliance Innovation Award, the Best Innovation Project Award, and the Innovation Pioneer Award



Case Working Together with Industrial Partners to Foster a Culture of Sunshine

In December 2023, the Company held the Third Sunshine Culture Festival with the theme of “Win-Win in Sunshine and Mutualism in Compliance,” which advocates that bypassing the immediate leadership and reporting directly to high levels should be allowed for treating potential internal corruption, and whistleblowers should be well protected. The event featured a variety of integrity-promoting activities such as “A Letter from Sunshine New Hope to Partners,” “Chairwoman’s Sunshine Message,” and a charity auction centered on sunshine culture. These efforts have not only strengthened domestic and overseas employees’ understanding of integrity, but also communicated the integrity culture requirements to external business partners. As a result, we received 8,763 reply letters from our business partners. This reflects our commitment to building a transparent ecosystem and operating in a win-win compliance environment.



Strivers Integrity and Compliance Innovation Pioneers

Han Xiaowei, General Manager of the Audit and Supervision Department of New Hope Liuhe, was honored with the “Innovation Pioneer Award” for her outstanding contribution. Since April 2020, with a leadership mentality and a start-up way of doing business, she has led the team to consistently upgrade the Audit and Supervision Department, established the integrity and compliance system of New Hope Liuhe, and developed a robust internal control organization system. These actions have enabled her to form a collaborative and competitive internal control, auditing, and supervision team that is well-versed in operations. Under her leadership, the Audit and Supervision Department is operated like an invincible army, safeguarding the interests and credibility of the Company



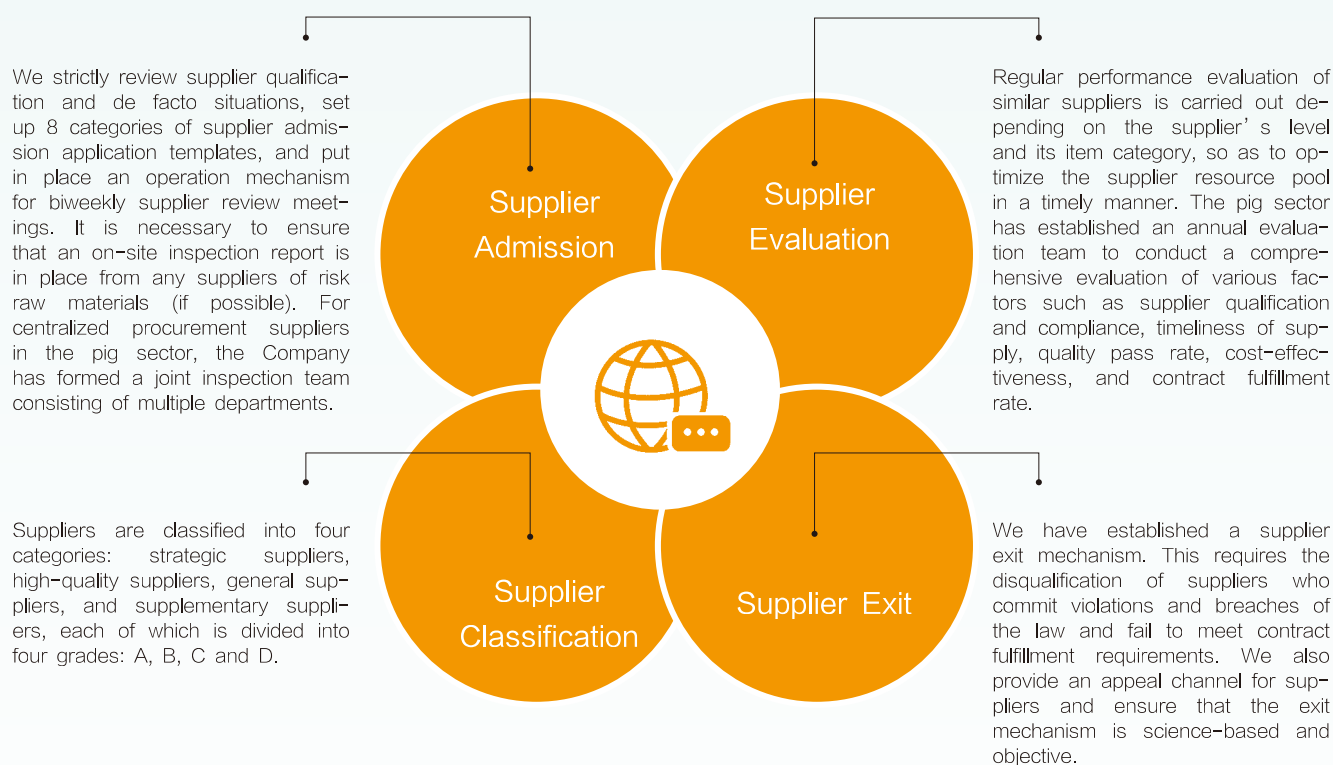
Growing Together with Partners

As a company specializing in the whole industrial chain of feed, breeding, slaughtering and food processing, New Hope Liuhe with distinctive strengths, is determined to act as a “chain leader” of the agricultural, animal husbandry and food industry chain. At the same time, we actively share our technologies and experiences in all segments and promote the formation of a robust industrial cycle for the whole industry chain, aiming to grow together with our partners.

Supply Chain Management

New Hope Liuhe strictly abides by the *Law of the People's Republic of China on Bid Invitation and Bidding, the Regulation on the Implementation of the Bidding Law*, and based on these, the Company has constantly improved its supply chain management system. During the reporting period, the Company set up the Supplier Management Committee to coordinate the management of suppliers. This committee is responsible for the planning and design of the system, the setting of targets and the supervision of the implementation of the system, as well as the deliberation and decision-making on major matters relating to supplier management. Under the Supplier Management Committee, the Supplier Management Department is tasked with the execution, coordination and supervision of day-to-day work. The Company has formed a Supplier Certification/Evaluation Team to conduct specific evaluations on the admission of new suppliers and the certification of existing suppliers. The Company has also enacted the Internal Supplier Management System, which stipulates explicit requirements for transparent cooperation with suppliers. It prohibits any violations related to integrity and self-discipline, designates the evaluation of suppliers' product quality as a one-vote veto item, and prioritizes environmental protection and corporate social responsibility in its management practices. In 2023, the Company witnessed two incidents of non-compliance with contracts by suppliers, both of which have been appealed to courts as economic cases.

● Full Lifecycle Management System



● Preventing Supply Chain Risks

New Hope Liuhe has developed a comprehensive risk analysis model and assessment mechanism, enabling a thorough breakdown of risk identification, evaluation, and prevention and control. This strategy helps foster a resilient supply chain. In 2023, there were no incidents related to supply chain issues affecting the Company's production operations.

Addressing Price Volatility	Monitoring Market Trends	The Company has put in place a regular tracking and feedback mechanism for market fluctuations to ensure a stable supply of products. We have also set up an industry research center to carry out market research and prediction, while directing each business unit to adjust raw material reserves.
	Utilizing Financial Tools	The Company employs flexible use of financial tools, leveraging futures hedging and other methods to manage price fluctuation risks.
Resisting Raw Material Shortages	Strengthening Strategic Cooperation	We have strategically worked together with diverse supplier channels to ensure stable and secured feed ingredient supply base throughout the year. In the pig sector, We have also formed a decision-making committee that prioritizes cooperation with top-notch industry players.
	Establishing Green Channels	In cases of resource limitations and emergencies in the feed sector, the Company collaborates with suppliers to open green channels, ensuring a smooth supply of goods.
	Enhancing Transportation and Supply Efficiency	Through flexible warehouse movement, the Company ensures delivery needs in certain regions, transforming long-haul transportation cycles into shorter ones and improving delivery efficiency.
	Implementing Dual Procurement	By strengthening the reserve for special raw materials and those susceptible to supply disruptions, the Company ensures the availability of multiple alternative suppliers in case of emergency.
Improving Behavioral Practices	Digitizing Procurement Management	We have promoted the upgrading of the procurement digital system. In the feed sector, we have launched the Xinsu digital system, which promotes the collaboration of suppliers in four dimensions: sourcing, execution, commerce, and billing collaboration. For the pig sector, we have integrated order approvals, supplier shipments, and invoicing and settlement-related operations into the system to ensure that purchasing behavior is traceable.
	Developing Restraint Mechanisms	We collect a specified deposit to regulate supply behavior. Suppliers found engaging in adulteration or posing quality and safety risks will be blacklisted, and we will refrain from any future purchasing transactions with them.

● Supporting Supplier Growth

With a focus on product quality and other key aspects, the Company actively establishes a sound and trustworthy cooperative relationship with its suppliers by communicating with them through symposiums and exchange meetings, and providing them with assistance and support. These efforts are aimed at jointly promoting industrial safety and quality improvement. By periodically conducting comprehensive inspections and assessments of supplier product quality, we select highly qualified suppliers and products, standardize quality testing methods and criteria, and promote suppliers to consistently improve their product quality. In 2023, the Company recorded 298 product samples throughout the year in its pig sector, and delivered training sessions to all its suppliers, with over 200 attendances.

Case Conducting Monitoring Analysis and Research for Supplier Quality Improvement

As a superb supplement for phosphorus, the cost-effective dicalcium phosphate is widely used in feed production. Fluoride, an essential safety and health indicator of dicalcium phosphate, constitutes a key item in the quality control of dicalcium phosphate. Given that the two standard methods for fluoride determination have generated large detection differences in practice, the Company has actively carried out research to analyze the root causes of the differences and determine the detection methods to ensure the reliability of the test results. At the same time, we have engaged major strategic suppliers for communication and exchange of ideas and benchmarked testing and analysis methods. Our aim is to encourage them to adopt optimal testing methods and follow strict standards, thereby safeguarding the quality and safety of feedstuffs.

 <p>Total number of suppliers: 5,572</p> <p>Chinese mainland suppliers and suppliers from Hong Kong, Macao, and Taiwan of China: 3,697, overseas suppliers: 1,875</p>	 <p>Annually reviewed suppliers: 4,562</p> <p>Proportion of suppliers signing integrity commitments/agreements: 99%</p>	 <p>Quality management system certified suppliers: 201</p> <p>Suppliers who received economic, social or environmental penalties: 0</p>
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Empowering Farmers

New Hope Liuhe adheres to the aspiration and mission of strengthening the agricultural and animal husbandry food industry, which is closely related to people's livelihoods. We provide assistance and support to farmers, empowering them through technology and management to improve their capabilities in breeding and production. Within these efforts, we help them increase income, fully activate rural resources and assets, and leverage complementary strengths between the Company and farmers, thus promoting the modernization of agriculture.

Feed Sector

In the feed sector, we possess comprehensive customer service capabilities by integrating upstream and downstream resources of the entire industry chain. The Company actively facilitated the connection between customers and major breeding species' seedlings and animal health resources. We have established multiple animal health testing laboratories to provide customers with support in various aspects such as biosafety and comprehensive animal nutrition. In terms of financing, leveraging the Company's platform advantages, we actively connected customers with various financing products, effectively alleviating the problem of capital shortage for breeders, and providing more convenience to customers under the premise of controllable risks. Especially in recent years, with the increasing scale and centralization of the domestic pig farming industry, downstream corporate farming enterprises have also helped strengthen the service capabilities of the feed business. Our pig farming business provides comprehensive support for the feed business from three aspects: talent training, scale farm services, and sharing of breeding standard operating procedures (SOPs).



Pig Sector

In the pig sector, we continue to develop free-range farming models. In 2023, we collaborated with 3,300 farmers in 22 provinces nationwide, employing a "Company + Farmers" model to market 14 million fattened pigs, generating a revenue of RMB 3.22 billion for farmers and making a positive contribution to ensuring the domestic pork supply.

Strengthening Agricultural Technology: We enhanced agricultural technology through improvements in environmental control, precision feeding, piglet care, and management of pig losses. These improvements have led to a decrease in the feed conversion ratio (FCR) from nearly 3.0 to 2.69, a reduction in the entire production cycle from 200 days to 183 days, and an increase in the turnover rate from 1.56 batches/year/household to 1.75 batches/year/household, helping farmers continuously improve various production indicators.



Standardized Management: We guided farmers towards higher production goals through contract iteration, reasonable regulation of contract farming fees, implementation of specific financial and electricity policies, promotion of feed tower weighing systems, and improvement of four efficiency indicators. Besides, we recognized role model farmers to drive positive cycles in various regions.

Diversified Cooperation

New Hope Liuhe actively engages in diverse collaborations with the government, enterprises, research institutes, universities, and more. The Company participates in domestic and international industry seminars and exchange forums to share development experiences and actively contributes to the establishment of industry standards, injecting new energy and wisdom into industry development.



Signing a comprehensive strategic cooperation agreement with Yongan Futures Co., Ltd



Signing a strategic cooperation agreement with Sichuan Shuxin Pig Biotechnology Co., Ltd.



In March 2023

New Hope Group signed a comprehensive strategic cooperation agreement with the Postal Savings Bank of China, granting a credit and financing service of RMB 30 billion to support the development of industries such as agriculture, animal husbandry, food, and cold chain logistics.



In April 2023

New Hope Liuhe and Yongan Futures Co., Ltd. signed a comprehensive strategic cooperation agreement at the Fourth China Bulk Commodity Financial Service Innovation Summit. Both parties will deepen and comprehensively cooperate in fields such as futures brokerage, risk management, industrial investment, and commodity research based on existing cooperation, jointly exploring new models of industrial and financial integration.



In November 2023

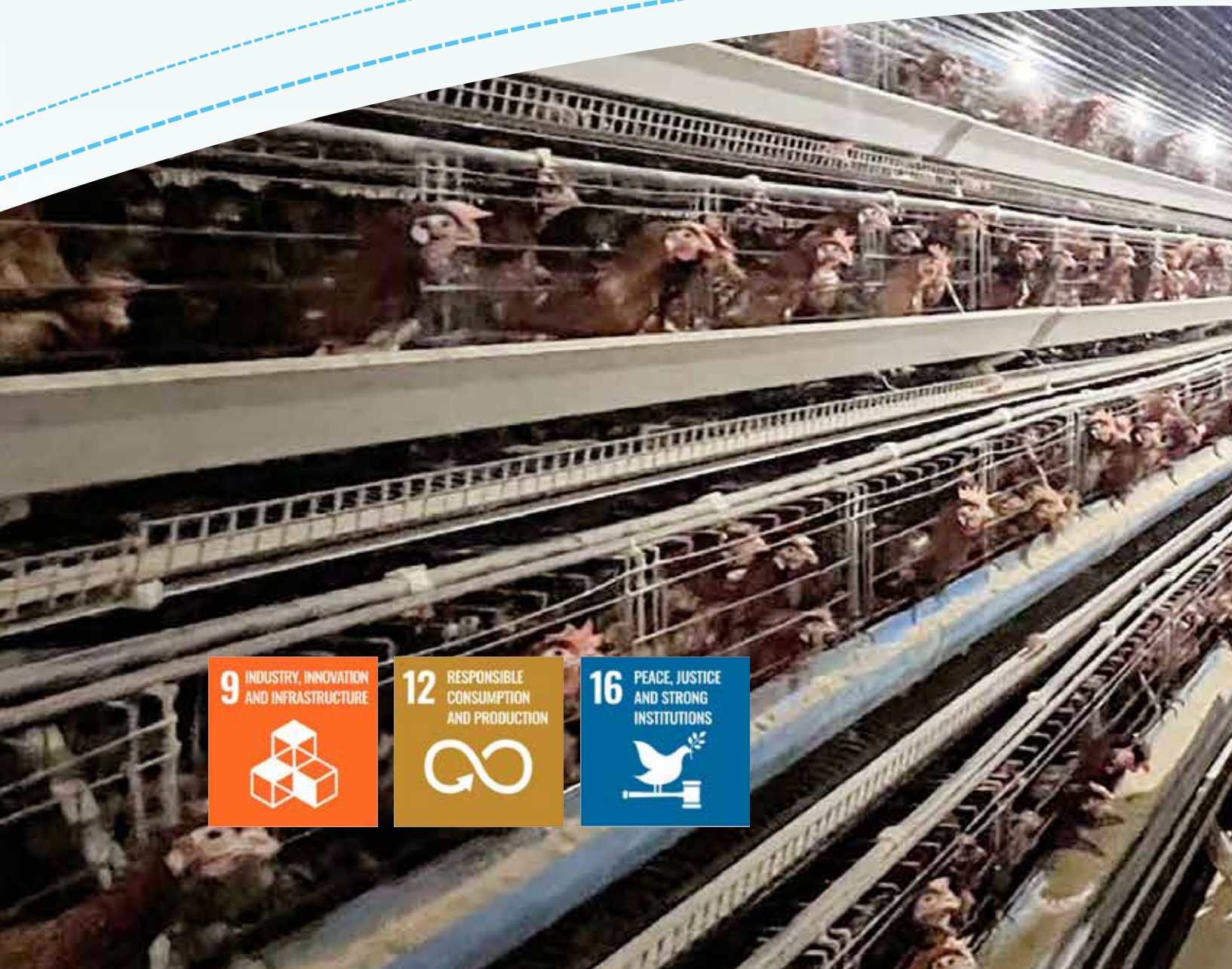
Sichuan New Hope Liuhe Pig Breeding Technology Co., Ltd. and Sichuan Shuxin Pig Biotechnology Co., Ltd. formally signed a strategic cooperation agreement. The two sides will focus on in-depth cooperation in front-end technology for breeding superior breeds, promoting the construction of the entire industry chain from “superior breeds” to “quality products.”

● Establishment of Industry Standards

In 2023, the Company participated in the formulation of two national standards, namely the *Slaughter Animal Welfare Guidelines GB/T 42304-2023* and the *Determination of Selenium in Feed GB/T 13883-2023*, as well as multiple industry standards and group standards, contributing to the industry’s development.

Quality Innovation 02

Protecting Life with Our Every Effort



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



R&D
investment:
RMB
209.58
million

Cumulative
number of
various levels of
technological
innovation
platforms:
74

Number of
major food
safety quality
incidents in
2023:
0



Boosting Development through Technology

New Hope Liuhe upholds the ethos of channeling energy into innovation and strives for breakthroughs in translating scientific achievements. It constructs a comprehensive, effective, and competitive technological innovation system, with a focus on applied scientific innovation. Leveraging various R&D platforms, it increases investment in R&D and accumulates scientific research capabilities. With higher-quality self-developed products and a more comprehensive layout of intelligent breeding across the entire chain, these efforts assist the Company in becoming a leading enterprise in the global agricultural industry in the new era.

Increasing Investment in Scientific Research

New Hope Liuhe is dedicated to building a globally competitive R&D network and management system, establishing high-level technological innovation platforms, and enhancing the construction of scientific and technological talent teams. By constantly intensifying investment in scientific and technological innovation, the Company aims to improve its innovation capabilities.

● Establishing Technological Innovation Systems

The Company establishes a technological innovation system with the Science and Technology Management Committee as the highest decision-making body and the Academic Advisory Committee providing technical guidance. This system covers forward-looking basic research, applied research, achievement transformation, and promotion for application at multiple levels. It leverages various research institutes to comprehensively cover research areas including biological breeding, animal nutrition, breeding techniques, disease prevention and control, and food safety to empower the industry.

● Creating Technological Innovation Platforms

New Hope Liuhe's Key Laboratory for Intelligent Pig Breeding Technology Innovation of the Ministry of Agriculture and Rural Affairs was selected in the Ministry of Agriculture and Rural Affairs' list of optimized restructured key enterprise laboratories. The Shandong Engineering Research Center for Healthy Breeding of Pigs and Poultry and the Purification of Major Diseases of Shandong New Hope Liuhe Group Co., Ltd. was successfully declared and included in the new sequence management.

● Increasing Investment in Technological Innovation

The Company makes efforts to establish and improve mechanisms for assessing, incentivizing, and promoting scientific research personnel. Incentive innovation reward measures such as the New Hope Liuhe Co., Ltd. Reward Measures for Encouraging and Promoting Technological Innovation and *New Hope Liuhe Co., Ltd. Rewards Measures for Intellectual Labor Achievement (Trial)* are formulated to stimulate the innovation vitality of employees and teams.

● Protecting Intellectual Property Rights

The Company attaches great importance to the protection of intellectual property rights and formulates the *New Hope Liuhe Co., Ltd. Intellectual Property Management Measures*. Comprehensive measures are implemented to strengthen the creation, utilization, protection, and management of intellectual property rights, promoting the localization of germplasm resources and breeding technologies, and enhancing the Company's core competitiveness.

Cumulative number of various levels of technological innovation platforms: **74**

Including **12** national-level and **19** provincial-level platforms

Total R&D investment in 2023: RMB **209.58** million, accounting for **0.15%** of prime operating revenue for the year

Number of R&D staff: **808**, accounting for **1.35%** of total staff

Case

Strengthening Academic-Industry Collaboration in Swine Breeding



On July 19, New Hope Liuhe Co., Ltd. held a signing ceremony with Huazhong Agricultural University to deepen cooperation on academic-industry collaboration and strengthen the deep integration of industry, academia, and research. This collaborative project includes various aspects such as genomic breeding technology, meat quality and intelligent phenotype group determination technology, gene editing technology, as well as the development of new pig breeds and supporting line breeding. Both parties will be demand-oriented, leveraging the school's research advantages and the enterprise's technological implementation and market resource advantages to promote the transformation of scientific and technological achievements into actual productivity, addressing practical problems in industrial development.

Strivers } Pioneers in Agricultural Science and Technology

There is always a group of dedicated individuals willing to delve into the frontline of production and animal husbandry, navigating through every corner of the farms and dealing with poultry and livestock. They leverage technology to realize the "dream of the industry," making significant contributions to the sustainable development of the animal husbandry industry.

“Core technologies cannot be bought, and those bought may not be suitable.”

To ensure the healthy living of pigs and facilitate the industry’s betterment, Dr. Li relinquished opportunities for further study to join the Pig Farming Research Institute of New Hope Liuhe in 2020, dedicating himself to the R&D of veterinary experimental technology. Immersed in the gestation barns and farrowing rooms, Dr. Li actively participated in frontline production, identifying numerous pain points, with diseases being the most concerning. Consequently, he commenced research on various pathogen detection methods. Through technical breakthroughs of the R&D team, Dr. Li completed the development of diagnostic methods for dozens of diseases, widely applied in the detection system. By enabling more accurate diagnoses, it aids in understanding the overall epidemic situation and making scientific decisions. Additionally, Dr. Li contributed to isolating major viral diseases in pig farms and developing related biological products, catalyzing the transformation of multiple products. Leveraging the platform advantages of the Pig Farming Research Institute, several research achievements of Dr. Li’s team have been published in internationally renowned journals.



Pig Farming Research Institute – Institute of Pig Health
Dr. Li



Pig Farming Research Institute – Institute of Pig Improvement, Data and Algorithm Laboratory
Dr. Du

Adhering to the original intention of scientific research, forging ahead, and seizing every moment.

Since joining New Hope Liuhe three years ago, Dr. Du has been dedicated to exploring the digitization of animal husbandry. Actively involved in numerous company-level and institute-level projects, he primarily focuses on developing AI algorithms and software systems for recognizing animal behaviors, monitoring abnormal vocalizations, and determining animal phenotypes. In the research project “Development of a Portable Pig Individual Weight Estimation Device Based on Machine Vision,” Dr. Du was tasked with the secondary development of data terminal software systems, AI weight estimation algorithm development, development and integration of 3D camera communication modules, etc. Leading his team to the frontline, they overcame challenges and conducted experiments for up to six months. The device can achieve an individual pig weight estimation error of ≤ 7 kg and a group pig weight estimation error of < 5 kg (with a sample size of over 300). Currently, the team is developing the second generation version, expected to annually save over RMB 10 million in production and breeding costs for the Company.

Empowering Feed Technology with a "Wise Eye" – Hongtong

Dr. Wang is committed to promoting the digital transformation process in the field of feed technology and meticulously constructed the Hongtong digital nutrition system, comprising a “1+8” module. In 2021, the “Hongtong · HNF” formulation system with independent intellectual property rights was launched. In 2022, Dr. Wang’s team successfully developed “Hongtong · SAT for Beef,” accurately assessing the nutritional needs of beef cattle and tailoring optimal TMR rations for ranches. In 2023, the “Hongtong · RMP” R&D management platform was launched... Dr. Wang’s unwavering belief and relentless efforts have led to the extensive application of digital tools in the feed industry, not only driving innovative development but also delivering significant economic benefits and competitive advantages to the Company.



Feed Research Institute – Digital Nutrition Center
Dr. Wang

Making Breakthroughs in Key Technologies

New Hope Liuhe’s R&D platform is entirely dedicated to breeding, feed formulation, and disease prevention and control. It is steadfast in addressing pivotal technological challenges, playing a leading role in innovation. Through collaborative efforts in industry-academia-research partnerships, it has successfully completed numerous major scientific and technological projects at national, provincial, and municipal levels. The primary goal is to achieve autonomy and control over key core technologies, elevate the modernization level of the industry chain, and foster high-quality development within the industry.

<p>Swine Disease Prevention and Control</p>	<p>A comprehensive technical system for “epidemic investigation - disease analysis - prevention and purification” has been established, alongside a promotional framework for “R&D - application.” A novel transmission pathway for African swine fever via aerosols has been identified and verified, with crucial data on its transmission characteristics and distance extensively researched. This discovery has prompted the industry to reinforce air biosecurity control measures, resulting in an overall enhancement of prevention and control effectiveness by over 50%. This advancement has notably supported the industry’s efforts in African swine fever prevention and control in northern regions. Additionally, an upgraded technology known as African swine fever purification 2.0— “investigation - removal” purification technology—has been proposed and advocated. This innovation reduces purification time by 2 to 4 weeks, lowers non-production days during disposal by 20 days, and diminishes losses during purification by RMB 220 per head. Consequently, it has emerged as the premier purification technology within the Company and the industry at large.</p>
<p>"Xinxiwang" 10K Pig Chip</p>	<p>To reconcile the requirements for genetic advancement in breeding and the optimal age for piglet sales, an innovative “pig sales plan based on early selection technology using whole-genome sequencing” has been introduced. In 2023, the independently developed “Xinxiwang” 10K pig chip was fully deployed, overcoming breeding technological constraints and yielding a cost savings of RMB 117 per head compared to imported chips. This chip supports early selection, reduces individual genetic assessment time to 2 weeks, and effectively avoids breeding losses while increasing revenue. Upon extensive promotion, it is anticipated to generate an additional revenue of RMB 10 million.</p>
<p>R&D and Application of Swine Phenotype Determination Technology</p>	<p>Leveraging artificial intelligence technology, independently developed software for live determination of intramuscular fat, intelligent determination of backfat and eye muscle, and portable weight estimation software have been devised. These innovations replace traditional swine determination software, delivering intelligent, automated, and domestically produced solutions. This approach comprehensively enhances the accuracy, speed, and scalability of phenotype data determination. By enhancing data quality through intelligent technology, genetic assessment accuracy is elevated, thereby advancing genetic progress.</p>
<p>Continuous Optimization of Independently Developed Hongtong · Digital Nutrition System</p>	<p>A diverse product matrix, based on RMP (R&D management), NHF (formulation system), SAT for Beef (rumination technology service system), CVD (empirical data collection), multiple formulation systems, and technical operations (formulation data mining and application), has been established. This system creates a seamless data chain from technical R&D to nutrition design, and finally to market validation. In 2023, a multi-formulation system was established, initially shaping an efficient collaborative operation system encompassing “technology, procurement, product, and production”. This continual enhancement of formulation technology contributes to cost reduction and feed savings.</p>



Number of patent applications submitted in 2023: **162** with **178** patents granted and being effective

As of the end of 2023:
Total number of effective patents: **1,725**
Including **503** invention patents, **1,000** utility model patents, and **222** design patents
Total number of software copyrights: **53**
Total number of trademarks: **496**

The first domestic agricultural and animal husbandry enterprise with an independent formulation system and full factory coverage

● Notable Innovation Achievements

First Prize in Scientific Research Category of 2022–2023 Shennong China Agricultural Science and Technology Award

- ★ Innovation and application of key technologies in bio-feed and product development – New Hope Liuhe Co., Ltd.
- ★ Development and application of novel functional enzyme preparations aimed at improving the intestinal health of livestock and poultry – New Hope Liuhe Co., Ltd.
- ★ Key technologies and industrialization efforts in poultry meat quality improvement and processing – Shandong New Hope Liuhe Group Co., Ltd.
- ★ Establishment of efficient breeding technology, cultivation of new varieties, and industrial application for meat ducks – Shandong New Hope Liuhe Group Co., Ltd.

Second Prize in Scientific Research Category of 2022–2023 Shennong China Agricultural Science and Technology Award

- ★ Innovation and application of key technologies aimed at efficiently regulating nutrition production for yellow-feathered broilers – Shandong New Hope Liuhe Group Co., Ltd.

First Prize of the Hubei Science and Technology Award

- ★ R&D and industrialization of key technologies in bio-feed fermentation – Shandong New Hope Liuhe Group Co., Ltd.

First Prize of Qilu Agricultural Science and Technology Award

- ★ Key technologies and applications in intelligent, efficient, and environmentally friendly modern swine breeding – Shandong New Hope Liuhe Group Co., Ltd.

Second Prize of Shandong Marine Science and Technology Innovation Award

- ★ R&D and promotion of green and efficient bio-feed for *Litopenaeus vannamei* – Shandong New Hope Liuhe Group Co., Ltd.



Upholding Scientific and Technological Ethics

New Hope Liuhe is dedicated to adhering to ethical and legal standards concerning animal welfare, breeding, and reproduction. Aside from employing advanced breeding and farming technologies, the Company prioritizes research ethics in breeding and ensures the welfare of animals. It provides suitable breeding environments, quality feed, and water sources during the rearing process, while continually raising awareness among employees regarding the importance of animal welfare. This commitment ensures that animals are safeguarded from risks of diseases, suffering, and abuse, and are appropriately cared for and protected.

Ethics in Breeding Research

New Hope Liuhe complies with relevant laws and regulations governing breeding research ethics, such as *the Biosafety Law of the People's Republic of China, Animal Husbandry Law of the People's Republic of China, and Measures for Scientific and Technological Ethics Review* (for Trial Implementation). The Company has established a Science and Technology Ethics (Review) Committee to ensure adherence to ethical principles, such as respect for life, fairness, transparency, and openness. This initiative aims to prevent potential threats to the ecological environment, human health, and society during technological innovation activities.

The Science and Technology Ethics Committee comprises internal personnel with extensive professional knowledge and ethical understanding, including researchers and legal advisors. This committee is tasked with formulating and constantly enhancing internal ethical norms and regulations, particularly in areas such as the protection of basic biological rights, privacy, and data security, overseeing and evaluating the legality and compliance of the Company's technological innovation projects. It engages in regular communication with relevant departments, research teams, and regulatory agencies to ensure that ethical practices align with the Company's overarching goals and requirements.

Research projects, clinical trials, or other activities involving ethical considerations undergo stringent review by the Science and Technology Ethics Committee, including preliminary assessment of project materials and committee voting. To maintain independence and impartiality, committee members refrain from direct involvement in the R&D of reviewed projects. External experts are invited to participate in the review process, offering diverse perspectives and professional insights to ensure the scientific and impartial assessment of decisions. Additionally, the committee conducts ongoing monitoring and compliance reviews of approved projects, ensuring adherence to ethical standards and legal regulations throughout the implementation process.

Animal Welfare and Security

New Hope Liuhe upholds the globally recognized "5F" principles of animal welfare. Drawing on its operational ethos, the Company implements welfare concepts by providing nutritious diets, fostering comfortable environments, and enacting effective disease prevention measures. It prioritizes the physiological and psychological well-being of pigs to enhance the overall welfare of swine.

Extended Reading

"5F" Principles of Animal Welfare(Five Freedoms)

1

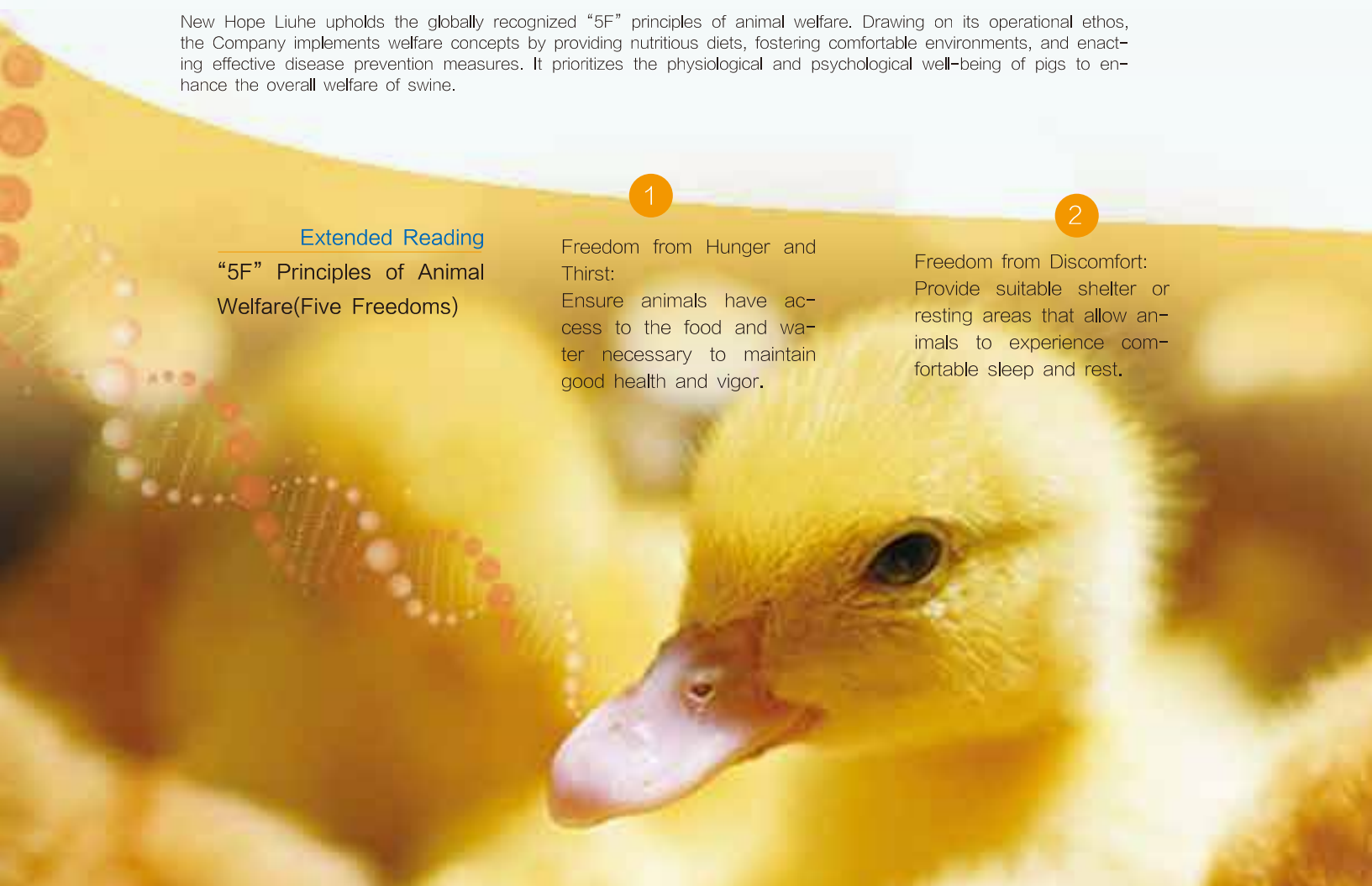
Freedom from Hunger and Thirst:

Ensure animals have access to the food and water necessary to maintain good health and vigor.

2

Freedom from Discomfort:

Provide suitable shelter or resting areas that allow animals to experience comfortable sleep and rest.



Basic Welfare	<ul style="list-style-type: none"> • Ensure feed cleanliness, freshness, and freedom from mold contamination, tailoring feed types to growth stages while emphasizing nutritional balance.
	<ul style="list-style-type: none"> • Maintain adequate water intake during hot summer months, ensuring ventilation meets pigs' needs and guaranteeing environmental stability.
	<ul style="list-style-type: none"> • Regularly deworm and control flies to ensure pig health and environmental hygiene.
	<ul style="list-style-type: none"> • Maintain day-night temperature differentials to prevent disease fluctuations due to extreme temperature variations.
	<ul style="list-style-type: none"> • Provide toys, implement three-point positioning, and routinely clean pens to ensure cleanliness and dryness.
Boar Reproduction Welfare	<ul style="list-style-type: none"> • Maintain boar shed temperature at 15-25° C.
	<ul style="list-style-type: none"> • Minimize environmental equipment noise and human interference to reduce stress from excessive noise.
	<ul style="list-style-type: none"> • Implement back, sitting back, and breast massage for sow mating.
	<ul style="list-style-type: none"> • Conduct non-irritating disinfection (with water) and clean sow reproductive organs to prevent diseases like uterine inflammation.
	<ul style="list-style-type: none"> • Attend to feeding and rest post-mating, avoiding large-scale group transfers during pre-pregnancy.
Piglet Welfare	<ul style="list-style-type: none"> • Offer small rolling balls, hanging iron chains, and iron balls for play, facilitating three-point positioning.
	<ul style="list-style-type: none"> • Pre-mix groups during fostering to promote scent familiarity and prevent sow aggression.
	<ul style="list-style-type: none"> • Supplement with appropriate microbes, inorganic salts, iron, etc., based on growth stages.
	<ul style="list-style-type: none"> • Provide a comfortable environment, with each pig allocated at least 1 square meter, temperatures maintained at 15-25° C, and relative humidity at 60-70%.
Health Welfare	<ul style="list-style-type: none"> • Establish a <i>Biosafety Management Manual</i> and a biosafety management team led by the technical director under the general manager's leadership. The team conducts biological safety risk assessments of pig farms, promptly formulates preventive measures, and enhances the biological safety plan.
	<ul style="list-style-type: none"> • Organize veterinary training to bolster comprehensive disease management capabilities, conduct PRRS purification work in select pig farms, establish PRV-negative herds, and initiate PRV purification projects in boar studs.
	<ul style="list-style-type: none"> • Administer combined vaccines to reduce injection frequency; pilot needle-free injectors in self-breeding and fattening farms.
Psychological Welfare	<ul style="list-style-type: none"> • Implement national veterinary drug usage policies, formulate scientifically sound antibiotic management documents, and rigorously enforce them. Prohibit the purchase, storage, and use of prohibited drugs by any pig farms or breeders. Maintain drug usage records for common antibiotics and strictly manage internal drug usage to ensure rational and precise drug administration.
	<ul style="list-style-type: none"> • Prohibit high-intensity obstetrics assistance. Use plastic paddles instead of iron rods or electric shock sticks during pig driving or transferring to allow free movement, minimizing rough treatment.
	<ul style="list-style-type: none"> • Ensure a gentle, non-violent transfer process, maintain a quiet environment, and monitor pig numbers to avoid aisle overcrowding.
	<ul style="list-style-type: none"> • Fast pigs before injection, dim lights, and raise room temperature to reduce excitement.
	<ul style="list-style-type: none"> • Take protective measures during injections to minimize stress and psychological trauma.
	<ul style="list-style-type: none"> • Simultaneously inject pigs in corresponding pens in two rows of the same building to counteract stimulation and confusion.
<ul style="list-style-type: none"> • Immediately feed pigs after injection. 	
<ul style="list-style-type: none"> • Address fear of hunger during pregnancy by adding dietary fiber to increase sow satiety, expand intestinal volume, and alleviate constipation issues caused by restricted feeding. 	

3

Freedom from Pain, Injury, and Disease: Ensure animals are not subjected to unnecessary pain, prevent diseases, and promptly treat sick animals.

4

Freedom from Fear and Distress: Ensure conditions and treatments avoid causing mental suffering to animals.

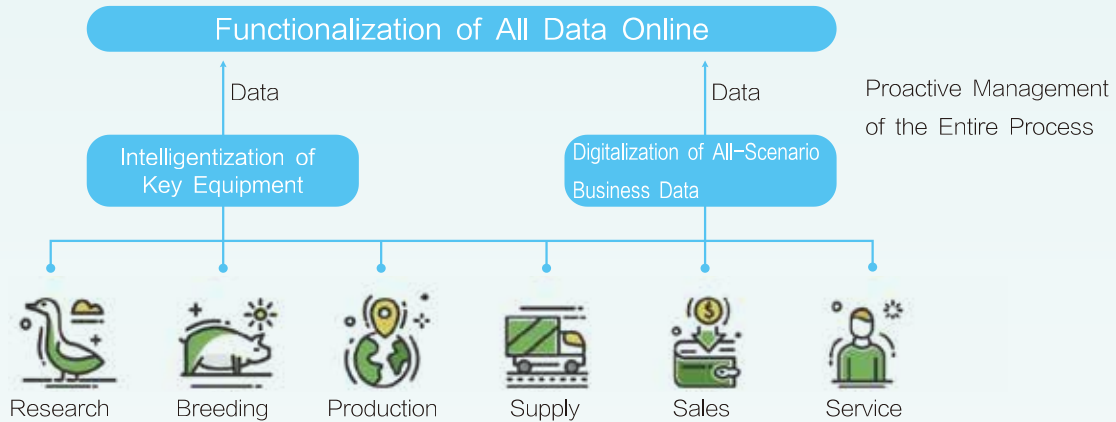
5

Freedom to Express Normal Behavior: Provide adequate space, appropriate facilities, and opportunities for animals to socialize with their own kind.



Advancing Digital Transformation

New Hope Liuhe embraces the trend of digitization and focuses on the strategic goal of “three fulls and four orientations” under the “integration of business, data, and management.” It promotes the connection of business with digital technology, achieving the intelligentization of key equipment, digitalization of all-scenario business data, functionalization of all data online, and proactive management of the entire process. This covers six major scenarios: R&D, breeding, production, supply chain, sales, and customer service, offering intelligent solutions for enterprise operations and development.



● Driving Digital Industrial Development

Pig Sector	Regarding breeding, devices like electronic ear tags are utilized to put all the “five elements” (people, pigs, things, locations, tasks) online, enabling automatic collection of key production data and ensuring 100% execution of key production actions.
	In terms of fattening, the feed tower weighing module is introduced to enable accurate measurement of pig feed intake. Combined with online management tools, real-time alerts and prompt interventions are provided for abnormal scenarios. Based on the dynamic perception of pig health, targeted immunization plans are automatically formed, ensuring transparency and visibility throughout the process and effectively improving pig health.
	In operations, a comprehensive index system is built around the “transition, weaning, fattening” stages, assisting production personnel in timely intervention during the breeding process, and comprehensively improving operational efficiency.
Feed Sector	The “Hongtong · Digital Nutrition System” transitions from relying on core formula systems to self-research substitutes, further deepening and surpassing transformation, successfully connecting the data chain from technology R&D to nutrition design, and then to market validation.
	Deepening digital procurement, operational support is provided for the entire procurement lifecycle, thus controlling supply chain operational risks and ensuring stable production. The Xinsu project covers the entire process of raw material group procurement and local procurement business of all 219 domestic feed subsidiaries and 6 trading companies in the supply chain, realizing digital online operation from procurement contracts, procurement execution to settlement.
	The digital logistics platform officially began trial operation, covering 53 feed companies and involving multiple transportation modes such as road, rail, river, sea, and containers. Supply chain transportation management collaboration among raw material suppliers, carriers, drivers, and management personnel is achieved, realizing the breakthrough from scratch of the digital logistics system, and helping ensure social livelihoods.

● Enriching Digital Product Matrix

R&D	Breeding	Production	Supply Chain	Sales	Customer Service
Hongtong	Poultry – digital breeding platform	Production implementation management system	Xinsu	Liaonifu Mall	Xinkedao
HUGE-HOPE	Cloud-based free-range farming	Pig slaughtering MES system	Xinyun	Fengxingbao	
PLM new product submission	Huiyangzhu	LIMS system	Yunge	Jingzhunying	
	Zhuxiaokang/Zhi-zhuxia	Near Infrared Detection (NIR)	Jingwei	Poultry breeding marketing system	
	Pig farming operation planning system	Central kitchen SMOM system		Jubaozhu	
	Zhongxin Duck – breeding				

Case Establishing the “Digital Lighthouse Pig Farm” to Set a Benchmark in the Smart Livestock Industry

New Hope Liuhe is championing the “Digital Lighthouse Pig Farm” project, aiming to achieve precise pig farm management, and to move equipment, business, and operations online. Located in Shibing, Guizhou, the Lighthouse Pig Farm, established by New Hope Liuhe in collaboration with its partners, operates as a closed-loop system. Through precise feeding systems, upgraded weighing systems, transformations in scraper machine technology and environmental control line technology, installation of intelligent water and electricity meters, network system construction, central and control room setup, and utilization of dung cleaning robots, digital empowerment is achieved. This integration of previously isolated environmental control equipment, production machinery, cleaning apparatus, and communication devices into one network-managed system enables intelligentization of key equipment, digitalization of all-scenario business data, functionalization of all data online, and proactive management of the entire process. This establishes a benchmark for smart livestock solutions, resulting in feed savings, cost reductions, and benefit enhancements.

The Lighthouse project has successfully undergone pilot operations. The feed control function has been verified and promoted, covering 129 companies and 383 production lines. Automation control capabilities for environmental control, feed lines, and feed cart weighing have been functionally developed and are now undergoing equipment stability verification in actual production processes. Innovative functions such as intelligent collection and evaluation of production, investigation, and immunization data are currently under development and implementation.



Implementing Stringent Quality Safety Control

“Food is vital to people, and safety is paramount.” New Hope Liuhe consistently prioritizes ensuring food safety, adhering to the food safety management principle that “product quality control is of utmost importance, and responsibility for food safety surpasses everything.” Focusing on enhancing the entire process and chain of food safety governance from fields to tables, the Company leverages technology to empower management, thereby fully safeguarding consumers’ security.

Strengthening Management Foundation

New Hope Liuhe upholds the concept of “food safety is everyone’s responsibility” and has established a comprehensive food quality safety management system that covers market management, product innovation, procurement management, farm management, production operations, and other links along the entire industry chain. Through safety quality monitoring and evaluation at all levels and links of the industry chain, it achieves dual promotion and improvement of quality management and food safety, resulting in no major food safety incidents throughout the year.

New Hope Liuhe was awarded the “2022 Annual Quality Golden Shield Case.”

New Hope Liuhe was honored with the “Food Safety Science and Technology Innovation Award” by China Animal Health and Food Safety Alliance.

New Hope Liuhe was selected as a “Model Unit in China Meat Food Safety Integrity System Construction” in 2023.

● Refining Management System

Adhering strictly to the requirements of laws and regulations such as the *Food Safety Law of the People’s Republic of China* and the *Product Quality Law of the People’s Republic of China*, we have issued regulations and management measures related to food safety and quality management. Examples include the Food Safety Evaluation Management Measures of New Hope Liuhe Co., Ltd., Black Pig Product Food Safety and Quality Management System, and Food Crisis Management Measures of New Hope Liuhe Co., Ltd., aimed at enhancing the level of quality management and control.

A Food Safety and Quality Management Department has been established at the headquarters to directly oversee food safety affairs. Each subsidiary has set up a Safety and Quality Department, with a total of 29 food safety directors and 306 food safety officers from headquarters to subsidiaries, covering aspects such as R&D, procurement, production, equipment, sales, and quality control. Routine supervision and control are conducted at various stages, including raw material entry inspection, process control, and delivery inspection.

Coverage of Laboratory Information Management System (LIMS) remote sampling module:

100%

● Conducting Safety Inspections

We have implemented a three-tier safety quality management system and a corresponding audit system, seamlessly integrating daily control, weekly inspections, and monthly scheduling with routine managerial duties. This approach solidifies the food safety obligations of various departments, alongside periodic spot checks on subsidiary operations. Safety quality management lines are established across various business unit (BU) levels to conduct regular inspections and assessments of subsidiaries, ensuring that factory audits achieve a 100% coverage rate.

Moreover, standardized evaluations and reassessments of food safety and quality are conducted for upstream suppliers in the food industry. We have introduced the *Food Industry Supplier Food Safety and Quality Management System*, evaluating the performance of suppliers in food safety and quality to dynamically manage them, mitigate food safety and quality risks, and encompass the food business of stock companies.

● Enhancing Quality Testing Capabilities

We have established and enhanced a three-tier testing system, with CMA and CNAS accredited laboratories, spanning an area exceeding 10,000 square meters. Equipped with internationally advanced, high-precision testing equipment with investments surpassing RMB 100 million, positioning us at the forefront of the domestic industry. In 2023, we issued comprehensive implementation rules for food testing across various industries to further standardize testing procedures and enhance testing capabilities.

● Promoting System Certification

We persist in promoting management systems and product certifications aligned with third-party quality and food safety standards to uphold product quality and safety standards. By the end of 2023, 52 of our subsidiaries had achieved certification under the China HACCP Food Safety Management System, 5 under the FSSC 22000 Food Safety System, 3 under the BRC Global Standard for Food Safety of the British Retail Consortium, 20 under the ISO 22000 Food Safety Management System, and 53 under the ISO 9001 Quality Management System.

● Fostering a Safety-Conscious Environment

Every quarter, we organize managers from each food production and operation company to partake in food safety awareness training sessions, encompassing new national and industry standards and regulations, along with analyses of industry violation cases to bolster their risk awareness.

Annual “Food Safety Month” and “Food Quality Month” activities are carried out, encompassing training on food quality regulations, fundamental knowledge, standards, SOPs, etc. Emphasis is placed on enhancing the quality of core products, conducting standardized inspections of cold chain transportation, controlling foreign objects and pests, and managing insects and rodents. Quality management principles are disseminated through banners, LED screens, etc., fostering a culture valuing and pursuing quality among all employees, thereby enhancing safety and quality awareness and elevating product quality.



Employees sign at the “Food Safety Month” event



Total number of training sessions during the “Food Quality Month”:

31,
with 1,220 attendances

Case

Joint Initiative: “Enhancing the Quality of Meat Products – Let’s Act Together”

In June 2023, New Hope Liuhe participated in the “Implementing Main Responsibility, Enterprises Publicly Commit” event hosted by the State Administration for Market Regulation for large meat manufacturers. Alongside over 70 other companies, we jointly launched the initiative “Enhancing the Quality of Meat Products – Let’s Act Together,” publicly committing to fulfilling our primary responsibilities and safeguarding food safety.

Public Commitment by New Hope Liuhe

- “Food is vital to people, and safety is paramount.” On behalf of New Hope Liuhe, we solemnly pledge the following:
- I. We commit to strict compliance with relevant laws and regulations, such as the *Food Safety Law of the People’s Republic of China and the Product Quality Law of the People’s Republic of China*, ensuring lawful and compliant operations.
 - II. The enterprise’s legal representative assumes primary responsibility for food safety, firmly establishing the legal principle of “ensuring food safety, with the enterprise bearing primary responsibility.” We maintain a high level of attention to food safety by conducting regular training key points to prevent cross-contamination of personnel and materials.
 - III. We establish a long-term mechanism for implementing food safety responsibilities and a robust food safety management system. Adequate personnel, including a food safety supervisor and officers, are equipped in compliance with laws and regulations, with clearly defined responsibilities for food safety management. We implement a system of daily control, weekly inspections, and monthly scheduling to effectively fulfill the legal obligations of the primary person responsible for food safety.
 - IV. We ensure the continuous availability of environmental conditions, production equipment, and related auxiliary equipment that meet product quality safety standards. Proper management of environmental hygiene and production staff hygiene is carried out, with strict control over production key points to prevent cross-contamination of personnel and materials.
 - V. We guarantee that packaging materials, containers for storing and transporting products, and tools are non-toxic and harmless, meeting national requirements for food hygiene. We ensure that product labeling complies with relevant national regulations and refrain from any falsification.
 - VI. We formulate a supplier admission system, conducting strict inspections of incoming goods and committing to never using non-food materials or processing products with unqualified materials.
 - VII. We develop a product recall system. In the event of product quality issues, we immediately initiate the emergency response plan for product recalls to ensure that products sold on the market do not pose risks to human health or safety.
 - VIII. We increase investment in R&D, comprehensively promoting the digitalization strategy of the entire industry chain to achieve full traceability of product quality.
 - IX. We uphold integrity and self-discipline to ensure the production of high-quality meat products for consumers, safeguarding food safety.

Reinforcing Product Traceability Management

New Hope Liuhe actively utilizes digital means to establish a fully digitalized quality control platform for food, ensuring full disclosure of product information and interoperability with official systems to achieve full traceability of product quality. Additionally, we urge each subsidiary to conduct at least one traceability drill annually to ensure the effectiveness of the traceability mechanism.

Information Traceability System					
Feed Production	Breeding	Slaughter/ Processing	Warehousing	Distribution	Consumer
Feed Data	Breeding Contracts	Drug Residue Testing Data	Production Batch Data	Delivery Data	Consumer Feedback Data
EBS/Spot Check	Blue-And-White Porcelain EBS System	Spot Check/lot Monitoring Platform EBS	EBS System	EBS System	Food Safety Traceability Platform

Creating Healthy Foods

New Hope Liuhe pays attention to consumers' pursuit of health and nutrition. Through efforts such as selecting high-quality ingredients, innovating processes, and controlling the use of antibiotics, we aim to better meet consumers' demands for safe, healthy, and nutritionally balanced dietary requirements.



Number of affiliated companies obtaining certification for antibiotic-free products: **3**

Case New Hope Liuhe's Subsidiary Hebei Qianxihe Attains Antibiotic-Free Product Certification

In January 2023, Hebei Qianxihe Meat Industry Co., Ltd., a subsidiary of New Hope Liuhe, successfully acquired certification for antibiotic-free products. The certification encompasses pigs raised by Fuping Xinliu Agriculture and Animal Husbandry Technology Co., Ltd., another subsidiary of New Hope Liuhe, alongside pork processed by Hebei Qianxihe Meat Industry Co., Ltd., and the edible by-products of slaughtered pigs. The certification process entailed on-site inspections of breeding facilities, slaughterhouses, processing plants, and pre-storage warehouses. It involved the verification and auditing of various aspects including the breeding environment, facilities, breeds, feed, alternatives to antibiotics, production management systems, breeding and processing records, parallel production controls, etc. Following discussions with relevant personnel and staff, taking into account the results of random sampling tests, the "Qianxihe" brand pork ultimately secured antibiotic-free certification. This denotes that the Qianxihe product line is manufactured without the use of any antibiotics, thereby offering consumers healthier, antibiotic-free meat products.

Extended Reading

Antibiotic-free products are those obtained without the use of antibiotics during the breeding and processing processes. Certification for antibiotic-free products imposes strict requirements on water quality, feed, feed ingredients and additives, processing materials, and more used in breeding.



Improving Service Quality

New Hope Liuhe upholds the principles of customer-centricity and market orientation, continually focusing on customer needs as the cornerstone of its services. Grounded in the real-life usage scenarios of customers, we consistently refine management systems and processes, optimize service methodologies, foster open communication channels with customers, and prioritize the protection of personal information. Through the delivery of professional, efficient, and amicable services, our objective is to elevate customers' sense of contentment and well-being.

Emphasizing Customer Experience

New Hope Liuhe places a strong emphasis on authentic customer experiences and values feedback from customers regarding our services. We utilize methods such as customer satisfaction surveys and follow-up visits to gather insights and listen to suggestions. Continuously striving for improvement, we aim to enhance experiences, improve communication timeliness, facilitate smoother exchanges, and deliver more attentive services.

● Updating Management Systems

The Feed BU has established a comprehensive Customer Relationship Management (CRM) platform that covers subsidiary companies across six major regions. This platform creates a customer lifecycle management system that includes lead generation, goal setting, collaboration, loss management, and return tracking.

● Optimizing Service Approaches

A one-stop delivery system for pigs directly to the slaughterhouse enhances delivery accuracy. We consolidate sales of high-parity retired sows to reduce intra-farm transfers, cut on-site weighing complexities, decrease on-site mortality rates by 0.6%, and boost customer loading efficiency by 50%. The non-first-grade fat pig bidding model is optimized to balance market fluctuations and organizational efficiency, resulting in a 50% reduction in pig waiting time costs and a 5% to 10% increase in delivery discounts.

Site renovations reduce transaction costs. We advocate for the construction and refurbishment of sales areas and transit stations. In key pig-producing provinces like North China, the Western region, and the Central-South region, we have operationalized 16 standardized sales areas for self-bred fattening farms and 16 transit stations for pigs from fattening farms/breeding farms. This initiative reduces standard sales area loading time per vehicle by one hour, decreases average costs per head by over RMB 10, and minimizes the risk of pig mortality during transportation.

Technology empowerment streamlines delivery processes. We have launched the vehicle registration system to enable closed-loop management and automatic anomaly warnings. It synchronizes with Jubaozhu delivery information, facilitating coordinated management of pig trucks, farms, and deliveries, thereby making on-site deliveries easier and more efficient.

● Unblocking Communication Channels

New Hope Liuhe has established a unified Customer Service Center, engaging with consumers through various platforms and methods such as a 400 customer service hotline, WeChat official accounts, and online official stores. The Feed BU has formed a 400 telephone customer service team, comprised of customer service representatives and follow-up specialists. During business hours, the team promptly responds to customers' purchase requirements, addresses queries, and handles complaints, ensuring timely responses to customer needs.

● Handling by Classification

New Hope Liuhe actively promotes classified management by generating work orders for purchase requirements, severe complaints, general complaints, and special events in the 400 system according to customer needs. This approach aims to enhance the effectiveness and timeliness of handling customer complaints. Through customer follow-ups to track issue resolutions, the Company strengthens its relationships with customers through personalized and standardized services.

Purchase Requirements

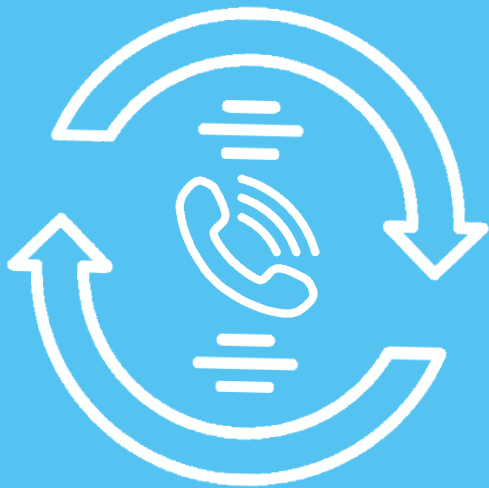
Customer service representatives provide immediate responses.

Complaints and Special Events

- ▼ Customer service representatives record relevant information.
- ▼ Issues are promptly escalated to designated business liaisons for the corresponding region, district, or subsidiary company. The business liaison for severe complaints and special events contacts the customer within one hour (within 12 hours for general complaints) and initiates emergency processing procedures simultaneously.
- ▼ Customer service representatives track and monitor resolution progress, completing and submitting comprehensive and effective work order reports.
- ▼ Follow-up specialists conduct customer follow-ups based on work order reports, recording customer satisfaction. If customers express dissatisfaction during follow-ups, the reasons are noted, and work order processing levels are upgraded for reprocessing until satisfaction is achieved, closing the system work order.



New Hope Liuhe Customer Service
400-810-8567



● Conducting Satisfaction Surveys



The Feed BU conducts differentiated satisfaction surveys for different types of customers, including direct customers, distributor and new customers, lost customers, and existing customers. These surveys identify gaps between customer experience and expectations, address discovered issues, and constantly improve service levels.

Overall satisfaction of direct customers:
79 points;

overall satisfaction of distributor customers:
80.5 points

Customer complaint resolution rate:
100%

Customer follow-up satisfaction:
100%

Safeguarding Customer Rights and Interests

New Hope Liuhe rigorously adheres to pertinent laws and regulations, including the *Advertising Law of the People's Republic of China*, *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, *Cybersecurity Law of the People's Republic of China*, and *Data Security Law of the People's Republic of China*. We conduct marketing activities objectively and truthfully, aiding consumers in making informed choices, bolstering the protection of consumer personal information, and comprehensively upholding consumer rights and interests.

● Practicing Responsible Marketing

We have devised internal management systems, such as the *Evaluation and Management Measures for Marketing Personnel*, *Regulations for Custom-*



er Management in Pig Sales, Notice on Standardizing Sales Process Management, and Notice on Implementing Standardization of Sales Documents in the Pig Farming Industry, to regulate marketing conduct. Engaging in compliance promotion, we staunchly combat the dissemination of false information, ensuring consumers do not form inaccurate associations or interpretations of advertising slogans, product packaging, service names, etc. to practice responsible marketing.

● Guaranteeing Information Security

Through the Data Security Management Committee and the Confidentiality Committee, New Hope Liuhe coordinates the management of information security data across three dimensions: national secrets, corporate confidential information, and personal privacy information. We establish confidential coordinators in departments to construct an information security management organizational system permeating each department. Guidelines such as the *Information Security Management Measures*, *Terminal Security Management Measures*, and *Data Security Management Measures* have been instituted, identifying critical junctures where information leakage may occur in business processes, formulating clear response protocols, and thereby further augmenting information security management capabilities and standards.

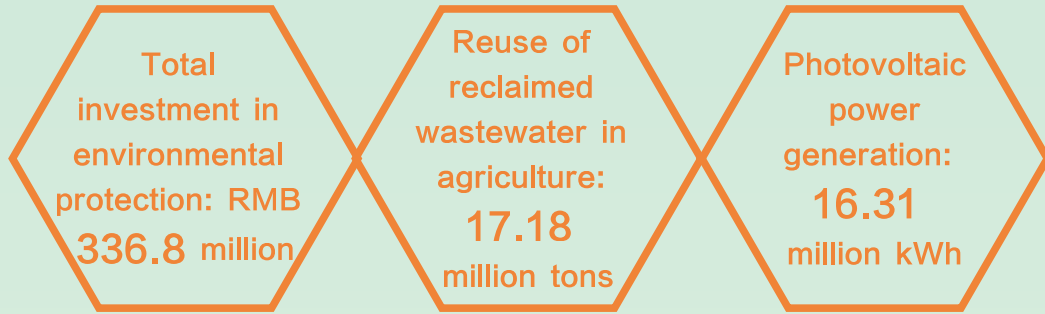
In compliance with the requirements of the Personal Information Protection *Law of the People's Republic of China*, the Company safeguards employees' and customers' personal basic information, personal identity information, personal biometric information, etc. We adhere to the principle of least privilege, strictly limiting internal positions' access to employees' and customers' private information. We meticulously oversee the application development and launch process, desensitizing and encrypting personal sensitive information during network storage and transmission.

Furthermore, we have established an information security public account, regularly disseminating regulations, requirements, and cautionary cases pertaining to information security. In 2023, we published 40 informative articles, with a cumulative readership of 15,000. Through training initiatives encompassing general information security knowledge and specialized instruction on mobile application security, we aim to enhance employees' awareness of information security.

Green Industry 03

Nourishing Nature with Circular Agriculture





Enhancing Environmental Management

New Hope Liuhe integrates environmental protection as a pivotal element of its corporate development strategy. We consistently establish and enhance an environmental management system, bolster effective control over environmental risks, and endeavor to cultivate a specialized and efficient team of environmental management professionals. This comprehensive backing for environmental management propels the Company towards continual progress in green, high-quality development.

Environmental Management System

The Company has incorporated environmental management into its strategic agenda, placing it under the purview of the committees at the Board level. We have formulated a suite of regulations such as the *Environmental Management System* and devised specific environmental management regulations tailored to key environmental priorities across various industries. Additionally, we incentivize subsidiary companies to pursue environmental system certification, further standardizing the Company's environmental operational management. Concurrently, we constantly refine the environmental performance evaluation mechanism, aligning environmental assessments with performance incentives for management. "Zero pollution" is established as the environmental assessment benchmark for each industrial unit, with penalties levied on relevant management personnel in case of environmental pollution incidents.

Throughout the reporting period, the Company consistently optimized the environmental management organizational structure based on organizational development. We instituted a three-tier environmental management organizational structure, comprising "Headquarters - Sectors - Regions/Squads," cascading from top to bottom, establishing a management network spanning various levels and industries to ensure the systematic implementation of environmental management tasks.



Hierarchy	Organizational Unit	Role
Headquarters	Safety Environmental Protection Center of Engineering Operations Department	Establish a comprehensive industry-wide environmental management system, refine management regulations, and establish cost standards. Oversee the implementation of management requirements across various industries, provide technical innovation and support, and ensure smooth operation. Contribute to profit enhancement through reductions in environmental operation costs and dual carbon revenue.
Sectors	Safety Operation and Plant Environmental Protection Department	Implement the Company's environmental management system, formulate industry-specific environmental management regulations, and oversee the pig sector's environmental operation costs in line with the Company's environmental cost management standards. Elevate industry compliance operation levels and collectively drive improvements in environmental-related infrastructure.
Regions/Squads	Plant Environmental Protection Department	Fulfill the management requisites of industrial units, ensure adherence to management requirements and cost targets at each site, and conduct environmental training to equip each site with environmental capabilities.

Environmental Risk Management

Recognizing the vital role of environmental risk management in environmental protection endeavors, the Company has implemented a series of measures to identify and mitigate potential environmental risks. We have established a process for reporting and responding to environmental risks based on the *Environmental Risk Warning and Response Mechanism*. The *Comprehensive Environmental Inspection System* has been devised to clarify standards and requirements for inspection divisions, aiming to standardize supervision of problem rectification and accountability methods. Through regular environmental inspections and supervision, we ensure that environmental risks are both preventable and controllable. During the reporting period, a total of 1,727 environmental inspection issues were identified, with 1,506 issues rectified, achieving a rectification rate of 87.2%.

Case

Customized Standards and Closed-loop Management in the Pig Sector for Effective Environmental Risk Prevention and Control

The Company has established inspection standards for three types of sewage treatment processes in the pig sector (UASB + two-stage AO + fermentation tank, CSTR, black film), incorporating eight operational key factors (off-site sensitive points, equipment and facility operation, compliance operation, factory appearance, procedural accounts, laboratories, procedure labels, and pollutant discharge plans), 39 specific locations, and 100 scoring items. We employ a three-tier inspection model consisting of company sampling, squad inspection, and regular self-inspection to progressively reinforce environmental inspection responsibilities. Monthly/quarterly rankings are utilized to incentivize inspection enthusiasm. Simultaneously, an online rectification information database has been established to compile a list of inspection issues, clarify responsible individuals and deadlines, record and track rectification issues, and establish a closed-loop management system to prevent and control the risk of wastewater exceeding discharge standards.



Environmental Training Empowerment

In order to enhance the talent pool for environmental management, the Company constantly conducts targeted environmental training sessions, employing diverse formats that combine online and offline elements to integrate theory with practice, aiming at enhancing employees' environmental awareness and practical skills. During the reporting period, over 80 environmental-related training sessions were organized, reaching approximately 2,000 employees, including environmental management personnel at all levels and frontline technical staff.

In addition to traditional training methods, the Company emphasizes the use of modern techniques for delivering training content. For various aspects of environmental equipment operation, maintenance, and process operation, we produce SOP short videos for relevant management personnel to access and learn from at their convenience, thereby enhancing the effectiveness and continuity of environmental practical technical training.

Total investment in environmental protection:

RMB **336.8** million

Number of subsidiaries certified with ISO14001 environmental management system: **4**

Liaoning Qianxihe Food Co., Ltd.,
Chengdu Hope Food Co., Ltd.,
Huzhou Haihuang Biotechnology Co., Ltd.,
Pengshan New Hope Feeds Co., Ltd.

Addressing Climate Change

New Hope Liuhe recognizes the urgency and significance of addressing climate change. Adhering to the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company actively explores action plans to tackle climate challenges and adopts measures to strengthen its management capabilities in this area.

● Governance

New Hope Liuhe integrates dual carbon-related matters into its governance framework. The Safety Environmental Protection Center is responsible for formulating action strategies, goal setting, annual plans, performance indicators, and other aspects in conjunction with the Company's operations. Relevant departments, such as the Plant Environmental Protection Department and the Administrative Department of each industrial unit, are tasked with implementing headquarters' strategies and goals, promoting project implementation and execution, coordinating energy-saving and carbon-reduction measures across various sites/squads, and compiling relevant data, thus promoting closed-loop management of energy-saving and carbon-reduction efforts.

● Strategy

New Hope Liuhe actively responds to the national dual carbon strategy by crafting a Three-Year "Dual Carbon" Strategic Plan (2023-2026). The Company vigorously promotes energy conservation and carbon reduction efforts in five key areas: green electricity usage, biogas utilization, water recycling, biological carbon sequestration, and carbon trading. Significant progress has been made in energy conservation and emission reduction during the reporting period.

New Hope Liuhe's Three-year "Dual Carbon" Strategic Plan (2023-2026年)

Green Electricity Usage

By 2026, significantly increase the proportion of green electricity usage across all company industries and achieve full coverage of photovoltaic projects in all feasible locations within the Company's sectors (feed, pig).

Water Recycling

Vigorously develop water recycling, reclaimed water irrigation, and reuse of manure in fields, directly reducing water consumption and indirectly cutting energy consumption in the fertilizer production process.



Biogas Utilization

Gradually and systematically promote the reuse of biogas (biogas power generation, biogas heating) in the breeding sector (pig).

Biological Carbon Sequestration

Steadily promote the cultivation of crops (wheat, corn, etc.), fruit trees (peach, orah mandarin, apple, etc.), and forest conservation on land designated for use in the pig sector (including fields and woodlands), utilizing biological carbon sequestration to offset the Company's carbon emissions.

Carbon Trading

Actively advance the application and certification of carbon sink projects (GS, VCS, etc.) in the pig sector, and obtain a substantial amount of carbon emission reduction to offset the Company's carbon emissions.

● Risk Management

New Hope Liuhe identifies and evaluates short-, medium-, and long-term physical and transition risks arising from climate change throughout the Company’s value chain. Corresponding measures are formulated based on the assessment results to enhance the Company’s resilience to climate change.

Risk Type		Risks, Opportunities, and Potential Impacts	Response Measures
Physical Risks	Extreme Weather	As climate warming progresses, an uptick in extreme weather phenomena such as severe heatwaves, extreme cold, heavy rainfall, floods, and typhoons is evident, adversely affecting the Company’s business continuity.	Establish climate notification groups to issue climate risk warnings and prompt proactive action by production units. Develop emergency plans and conduct regular emergency drills.
	Rising Temperatures	The escalation in average temperatures will heighten the operational expenses of the Company’s infrastructure, pose health hazards to employees and livestock, and augment the likelihood of asset write-offs and obsolescence.	Consider regional climate risks when selecting and planning projects. Enhance production efficiency through energy-saving technological upgrades and optimization of energy usage.
Transition Risks	Policies and Regulations	Stringent national policies, alongside an accelerated transition in energy structure, will result in amplified costs for the Company to adhere to regulatory mandates, consequently heightening regulatory compliance risks.	Proactively engage with relevant government departments to research, track, and disseminate policy changes, strengthen compliance management, and anticipate policy adjustments. Monitor carbon market development trends and prepare accordingly.
	Market and Technology	Customers and consumers are imposing stricter mandates on carbon emissions reduction for products. The adoption of green and low-carbon technologies will profoundly impact the Company’s competitiveness, necessitating augmented investment in low-carbon transformation costs.	Enhance the adoption of low-carbon technologies, accelerate the transition to green industry, and reduce product carbon footprint. Strategically plan carbon reduction pathways, thoroughly assess the input, return, and feasibility of low-carbon transformation projects before implementation, and select the optimal solution based on practical considerations.
	Reputation	Stakeholders’ apprehensions regarding climate adaptation performance are on the rise. Failure to promptly address these concerns may tarnish the Company’s reputation.	Integrate climate change responses into the Company’s management strategy by monitoring climate-related policy trends. Strengthen communication with investors and consumers by disclosing climate-related information in accordance with TCFD recommendations.

Indicators and Targets

Indicator	Unit	2022	2023
Direct greenhouse gas emissions	Tons of CO ₂ equivalent	445,862.90	511,780.24
Indirect greenhouse gas emissions	Tons of CO ₂ equivalent	1,329,400.86	2,029,658.86
Total greenhouse gas emissions	Tons of CO ₂ equivalent	1,775,263.75	2,541,439.11
Greenhouse gas emission intensity	Tons of CO ₂ equivalent / RMB (10,000 revenue)	0.1255	0.1793

Transition to Clean Energy

New Hope Liuhe actively advances investment in and development of renewable energy by introducing advanced clean energy technologies and equipment such as solar and biomass energy. This initiative aims to gradually diversify and clean up the energy structure, thereby reducing greenhouse gas emissions and making a positive contribution to environmental protection.

Case Collaboration with SPIC to Establish 3 Million Kilowatt Smart Energy

In November 2023, the Company signed a cooperation agreement with SPIC Shandong Electric Power Co., Ltd. to jointly promote the Zero Carbon Comprehensive Smart Energy Project. This project will focus on New Hope Liuhe's large-scale breeding farms and slaughterhouses in various locations. It will encompass complementary photovoltaics, distributed wind power, green transportation, comprehensive biomass utilization, green certificate electricity, carbon asset services, and other industries. The objective is to build 3 million kilowatts of smart energy within three years, contributing to the dual carbon strategy. Going forward, we will continue to deepen cooperation in the development and application of comprehensive smart energy, facilitate the integration of breeding and energy industries, and expedite the development and optimization of green low-carbon transformation and clean energy structures.

● Photovoltaic Power Generation

New Hope Liuhe aims to achieve full coverage of all feasible photovoltaic projects across all industries by 2026. Following the "three-step" plan for photovoltaic project construction, the Company steadily advances the construction progress of photovoltaic projects in various industries. During the reporting period, the Company completed pilot construction of internal photovoltaic projects. As of the end of 2023, the Company operated 11 photovoltaic projects in its subsidiaries such as Fengshun New Hope Biotechnology Co., Ltd., Huzhou Haihuang Biotechnology Co., Ltd., and Qingdao Liuhe Wanfu Food Co., Ltd., with an annual electricity generation of 16.31 million kWh, equivalent to a reduction of 15,638 tons of carbon dioxide emissions.

Three-step Plan Pathway

Later Stage

Rapidly advance the construction of photovoltaic projects across all industries with unified standards

Mid-term Stage

Perform thorough surveys, establish a photovoltaic project library, and conduct strategic bidding

Early Stage (Completed)

Pilot construction of small-scale photovoltaic projects

Case Distributed Photovoltaic Project at Fengshun New Hope Biotechnology Co., Ltd.



To actively promote energy conservation and emission reduction in feed factories, the Company adopted a contract energy model to construct a distributed photovoltaic project with a capacity of approximately 1.05 MWp on the roofs of raw material and finished product warehouses of Fengshun New Hope Biotechnology Co., Ltd. in Fengshun County, Meizhou City, Guangdong Province. This project was grid-connected and began generating electricity in late August 2023, capable of producing an average of approximately 1.1 million kWh of green electricity annually and reducing an average of 849 tons of carbon dioxide emissions per year, serving as a demonstration for the green energy transformation of the feed industry.

Strivers } Guardians of Energy Conservation Across 190 Pig Farms

Fermentation tanks play a vital role in waste management on pig farms. Solid waste from pig excrement undergoes conversion into raw materials for organic fertilizer within these tanks, which can then be repurposed for land application and recycling. However, the energy consumption associated with fermentation tanks must not be underestimated. Long Shisan, data officer of the Safety and Environmental Protection Department at New Hope Liuhe, highlighted the core issue: each fermentation tank operates at around 20 kilowatts of power. If operational 24 hours a day, each tank consumes nearly 500 kWh daily. In certain instances, although the amount of solid waste generated by pig farms may be minimal, fermentation tanks continue to operate throughout the day. At present, our pig sector utilizes more than 200 fermentation tanks, leading to a daily power usage close to 100,000 kWh.

Therefore, the Company has to closely monitor the operational efficiency of each pig farm in every aspect. However, due to the large number of pig farms, reaching up to 190, the original method of reporting through WPS online forms was inefficient and challenging to manage. To address this issue, the Safety and Environmental Protection Department upgraded the WPS online forms to a Feishu multidimensional spreadsheet system. After repeated communication and deliberation with the platform's team, over ten subcategories were designed, including fermentation tank operation logs, organic fertilizer cost accounting sheets, etc. The system can extract data from the logs filled out by reporters, automatically generate and summarize them, and identify repetitive data to remind reporters to check and correct them.

This system assists management personnel of the Safety and Environmental Protection Department in timely monitoring the operational efficiency of fermentation tanks in each pig farm, promptly identifying abnormal data and taking management measures. The energy-saving effect is significant, with 12.77 million kWh of electricity saved in 2023, equivalent to a reduction of 19,155 tons of carbon dioxide emissions. These energy conservation guardians from the Safety and Environmental Protection Department are putting into practice the energy-saving concept of New Hope Liuhe through practical actions, contributing their efforts to the construction of a conservation-oriented society and the promotion of sustainable development.



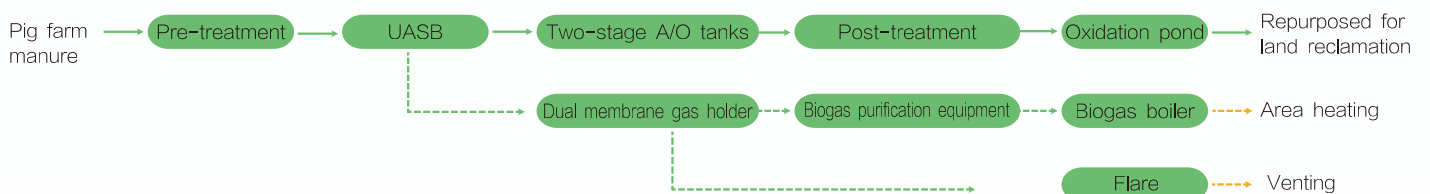
● Biogas Reutilization

Biogas reutilization is an important form of resource reuse in the poultry and livestock breeding industry. The Company vigorously promotes biogas reutilization projects in various breeding farm areas of the pig industry. Farms equipped with biogas boilers use purified biogas for heating, thereby reducing gas consumption. In 2023, a total of 263.76 million cubic meters of biogas were reused for heating, resulting in a reduction of carbon dioxide emissions by 0.52 million tons.

Apart from biogas heating, the Company has also begun exploring biogas power generation. Through biogas generators, purified biogas is used to generate electricity for farms, thereby reducing on-site electricity consumption. In 2023, a total of 0.24 million cubic meters of biogas were burned, generating 0.3 million kWh of electricity, equivalent to a reduction of 233 tons of carbon dioxide emissions.

Case Biogas Utilization Project at the Xiaoxi Pig Farm of Wuhe New Hope Liuhe Animal Husbandry Co., Ltd.

Wuhe New Hope Liuhe Animal Husbandry Co., Ltd.'s Xiaoxi pig farm raises 13,500 sows, producing approximately 130,000 cubic meters of manure annually. After pretreatment, the manure enters the UASB reactor for anaerobic fermentation, generating about 470,000 cubic meters of biogas per year. The biogas is temporarily stored in dual membrane gas holders and then purified through dehydration and desulfurization equipment before being utilized for area heating via biogas boilers. Additionally, the area is equipped with a torch for emergency purposes. Following anaerobic fermentation in the UASB, the treated manure undergoes storage in oxidation ponds after passing through two stages of A/O tanks and subsequent treatment phases. The treated manure is repurposed for land reclamation outside the farm. In 2023, the Xiaoxi project utilized approximately 460,000 cubic meters of biogas for area heating, resulting in gas consumption savings equivalent to a reduction of 901 tons of carbon dioxide emissions.



Energy Management Optimization

New Hope Liuhe actively practices green production by integrating carbon emission reduction process designs into new projects and implementing energy-saving technological upgrades in operational projects. Furthermore, the Company keeps enhancing its capabilities in fine energy management to maximize energy efficiency throughout production and operational processes. During the reporting period, the Company formulated and implemented energy-saving initiatives based on the Energy Saving and Consumption Reduction Guidebook, alongside a comprehensive review of energy consumption data at the end of the year to establish energy-saving targets and plans for the following year.

Energy Consumption Target Planning			
	Indicator	2023 Actual	2024 Target
Pig Sector BG	Natural Gas Consumption(m ³)	29,643,472	29,050,603
	Electricity Consumption (kWh)	1,067,722,311	1,046,367,865
Feed BU	Indicator	2023 Actual	2024 Target
	Natural Gas Consumption(m ³)	52,980,000	51,000,000
	Electricity Consumption (kWh)	559,361,903	538,457,098

Management Energy Saving	Lean Management	Precision environmental control management is implemented in pig farms to regulate the operating time and parameter settings of equipment such as lighting, insulation lamps, curtain water pumps, and fans, thereby reducing energy consumption.
	Guiding Specifications	The Energy Saving and Consumption Reduction Guidebook is formulated to summarize specific energy-saving measures and requirements, guiding each site to implement tasks according to specifications.
	Data Monitoring	The environmental protection data system is put into use, and the Energy Consumption Statistical Instructions are formulated to clarify the electricity consumption indicators of each area. All sites are guided to regularly compile energy consumption data monthly, and the operations and maintenance squad is responsible for analyzing and ranking, achieving timely monitoring and optimization of energy consumption management.
Technical Energy Saving	Replacement of Old Equipment	The feed mills replaces old equipment such as crushers, granulators, and dryers with new ones, reducing energy consumption and improving efficiency by more than 10%.
	Strengthened Waste Heat Recovery	The recovery of waste heat from boilers and refrigeration systems is enhanced to reduce steam utilization.
	Digitalized Systems	An energy-efficient management system is introduced in the feed sector, with a digital screen intuitively displaying the overall equipment energy consumption situation, reducing equipment idling and unloaded ratios, improving energy utilization, and lowering ineffective electrical losses.
	Sealing and Insulation for Energy Saving	Methods such as foam, polyurethane, and insulation boards are implemented to comprehensively seal and insulate various production processes, thereby reducing cooling costs in summer and insulation costs in winter.

Indicator		Unit	2022	2023
Gasoline	Liters		1,996,306	1,620,701.51
Diesel	Liters		16,328,927	15,223,719.21
Natural gas	Million cubic meters		184.20	216.4268
Outsourced electricity	Million kilowatt hours		2040.55	3293.4786
Outsourced steam	Tons		595,115	626,346.71
Total energy consumption	Tons of standard coal		533,338.74	793,532.12
Energy consumption intensity	Tons of standard coal/RMB 10,000 revenue		0.0377	0.056

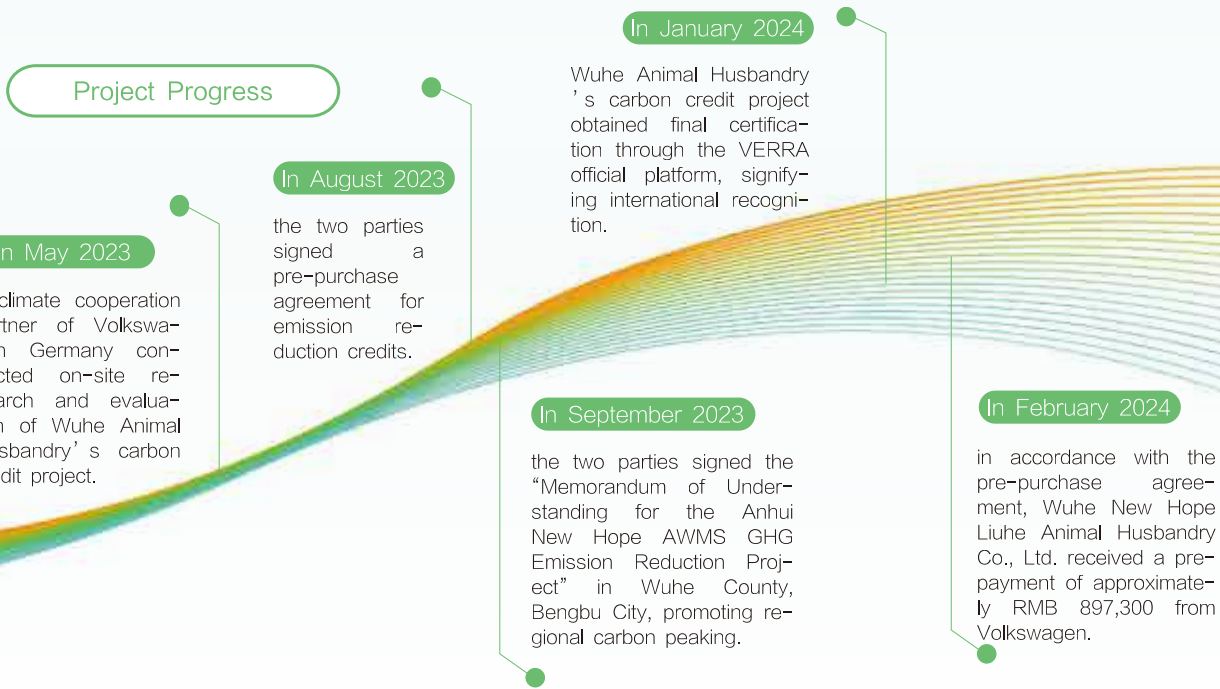
Carbon Asset Development

Utilizing 150,000 mu of land for waste absorption for the pig sector, we actively promote biological carbon sequestration and carbon asset development, achieving a triple win of ecology, environment, and economic benefits. In 2023, New Hope Liuhe's pig sector carbon trading achieved a major breakthrough, with 420,000 tons of carbon credits issued. In June 2023, Liaoning Kangping Xinwang Agriculture and Animal Husbandry Co., Ltd. sold 308,000 tons of project carbon emission reductions, earning a profit of RMB 3.426 million. In September 2023, New Hope Group and a subsidiary of Volkswagen Group signed a Memorandum of Understanding on a project in Wuhe County, Anhui Province, establishing a long-term cooperation relationship in emission reduction and carbon reduction fields. We will jointly promote the formation of a framework agreement for the utilization of biogas and the treatment of animal waste, providing a new reference model for low-carbon, environmentally-friendly pig farming, and circular economy.

Case

Signing a Memorandum with Volkswagen to Initiate a New Chapter of Cooperation in Emission Reduction and Carbon Reduction

In September 2023, New Hope Group and Volkswagen Group signed a "Memorandum of Understanding for the Anhui New Hope AWMS greenhouse gas Emission Reduction Project," marking their inaugural collaboration in the field of green sustainable development. This project relies on the greenhouse gas emission reduction efforts of three pig farms under New Hope Group's subsidiary, Wuhe New Hope Liuhe Animal Husbandry Co., Ltd. By employing anaerobic treatment of pig farm waste and recycling biogas, it achieves an annual equivalent reduction of approximately 108,000 tons of carbon dioxide emissions. This project obtained final certification through the VERRA official platform in January 2024. Through this collaboration, Volkswagen Group achieves certain carbon reduction results by purchasing carbon reduction credits certified under the Verified Carbon Standard (VCS). Meanwhile, New Hope Group receives financial support for green and low-carbon agriculture. This mutually beneficial cooperation sets a new model for cooperation in the transformation of green and low-carbon industrial chains, promoting complementation and mutual assistance between industry and agriculture.



Enhancing Water Management

New Hope Liuhe draws water from municipal sources, surface water, and groundwater. As the animal husbandry industry is a highly water-consuming sector, poor water management can lead to wastage and pollution of water resources, resulting in adverse impacts on the surrounding ecological environment. The Company places great importance on water management, establishing a scientific and rational water management system and mechanism, and constantly optimizing its water management measures to ensure the sustainable utilization of water resources.


Water Resource Utilization Planning			
Indicator	Industry	2023 Actual	2024 Target
Water Consumption (Tons)	Pig Industry BG	16,257,780	15,932,624
	Feed BU	1,159,106	1,115,788

Reducing water risk: We enhance the protection and management of water sources through the establishment of a water resource monitoring network. This network enables real-time monitoring of changes in water quality at the sources, facilitating the prompt detection and response to potential risks of water source contamination.

Water conservation: We have implemented a water data system and established standards for water usage. Whenever water consumption surpasses the designated quota, automatic alerts are triggered. Through monthly analysis and ranking, penalties are enforced for instances of overuse, ensuring the continuous refinement of water management practices. Additionally, we enhance routine inspections to eradicate any instances of gas leak, water seepage, liquid dripping, or leakage, consistently optimizing areas where potential waste could occur and reducing the risk of water resource depletion.

Introduction of Liquid Level Controllers

Float switches or liquid level controllers in reservoirs or water tanks are installed to control the start and stop of water pumps based on liquid level output signals, preventing overflow and waste.



Upgrade of Whole-Body Troughs

Protective brackets are installed around the sealed plugs at both ends of whole-body troughs to prevent pigs from damaging plugs, leading to water loss.

Water recycling: We actively explore measures for water reuse, including the use of reclaimed water and the recycling of manure. For example, water utilized for dust removal in the feed sector undergoes treatment and is then reused for dust removal within the factory areas. Similarly, the treated gray water and fermented manure from the pig sector are repurposed for cultivation in fields adjacent to the farm.

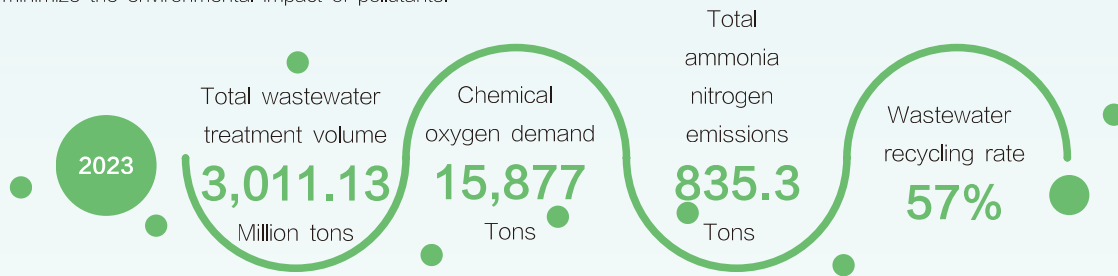
Indicator		Unit	2023
Total Water Intake		Million tons	27.3481
Water Intake by Source	Running water/municipal water	Million tons	7.7376
	Surface water	Million tons	0.456
	Groundwater	Million tons	19.1545
Total Water Discharge		Million tons	27.0184
Water Discharge by Channel	Municipal network discharge	Million tons	7.7778
	Surface water discharge	Million tons	2.045
	Other discharge methods (e.g., agricultural irrigation)	Million tons	17.191
Water intensity for feed processing		Cubic meters/ton	65
Water intensity for pig farming		Cubic meters/head	0.81
Water intensity for slaughter meat		Cubic meters/head	0.41

Preserving Ecological Environment

New Hope Liuhe champions the circular economy concept, actively promoting the resourceful use of waste and prioritizing land conservation in its business operations. The Company is dedicated to enhancing and preserving the ecological environment’s quality, striving to minimize environmental pollution.

Advancing Waste Reduction Efforts

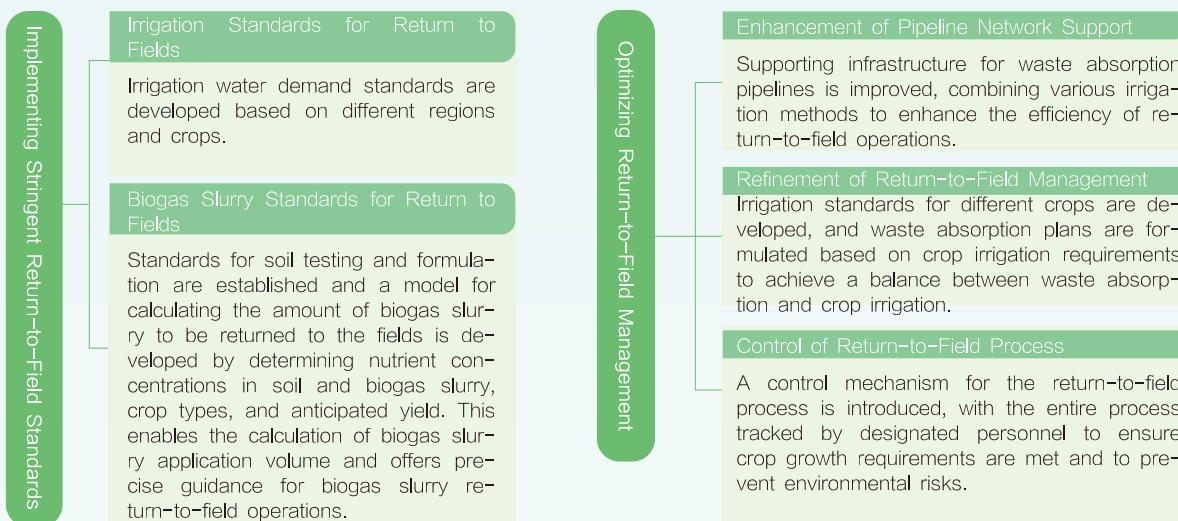
New Hope Liuhe complies with relevant laws and regulations such as *the Law of the People’s Republic of China on Water Pollution Prevention and Control*, *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, along with applicable emission standards. By adhering to the principles of “reduce, recycle, and reuse,” the Company aims to minimize the environmental impact of pollutants.



Type of Waste		Source of Waste	Disposal Method
Ex-haust Gas	Odor	Arising from animal manure wastewater, feed residues, and gases emitted from the digestive systems of livestock and poultry	Implement intelligent program-controlled methods for manure removal within pig pens, adjusting frequency as needed, while regulating indoor temperatures and enhancing ventilation systems to minimize odor generation. Employ spray deodorization in conjunction with odor removal facilities. This process captures offensive odor gases in liquid form through spraying. Odor molecules adhering to particulate matter are removed from the air through wet absorption and oxidation. The resulting odor gases and emulsifiers in the solution react and are subsequently removed.
	Biogas	Produced from the fermentation of animal manure	Utilized for on-site power generation and heating.
Waste water	Breeding Wastewater	Including animal urine, partial feces, and wash water	Utilize “UASB Anaerobic + Two-stage A/O,” “CSTR,” and “Black Film Biogas” technologies to convert wastewater into reclaimed water or biogas slurry for irrigation in farmlands.
	Domestic Wastewater	Discharged from company office premises and staff canteens	Regularly conduct backend water quality tests through self-inspection and third-party agencies to ensure compliance with standards before discharge into the municipal pipeline network.
Solid Waste	Hazardous Waste	Including medical waste, pesticide and herbicide residues generated during production, as well as waste reagents, acids, and alkalis generated during experimentation	Establish a Hazardous Waste Management System to standardize the collection, storage, and disposal processes of hazardous waste. Provide temporary storage for hazardous waste and maintain corresponding records in compliance with regulations, periodically entrusting qualified third-party organizations for harmless disposal.
	Dead Livestock and Poultry	Carcasses produced during the breeding process	Conduct temporary storage and disposal in strict accordance with the Standard for the Treatment of Dead Livestock and Poultry, maintaining corresponding records, and prohibiting improper disposal such as unauthorized storage and secret burial.
	Solid Manure	Solid manure separated by a manure scraper or solid-liquid separator	Follow the Specification for the Treatment of Solid Manure and utilize high-temperature aerobic fermentation treatment to produce organic fertilizer for land application
	Construction and Household Waste	Generated during construction and daily activities	Establish a Solid Waste Management System, designate fixed garbage collection points within the premises, clearly mark and categorize waste, and strictly prohibit behaviors such as littering, dumping, burying, and burning.

Promoting Ecological Circulatory Breeding

The integration of planting with breeding stands as a pivotal initiative aimed at promoting the effective utilization of animal waste resources and confronting the pollution challenges within the poultry and livestock sector. New Hope Liuhe combines planting and breeding to foster the development of ecological pig farms. It actively explores and implements the industrial framework of “pig – biogas – fertilizer – fruit/vegetable/grain” circular agriculture, with the objective of achieving a symbiotic relationship between agricultural utility and environmental conservation. During the reporting period, the pig sector utilized a total of 150,000 mu of designated land, with 70,000 mu allocated for cereal crops such as winter wheat and corn, and the remaining forest land designated for the cultivation of fruit trees such as apples and orah mandarins. Organic fertilizer, derived from the fermentation of manure, is reintegrated into the fields, facilitating soil enhancement while concurrently achieving zero emissions of pollutants. This practice aids in the sequestration of carbon in plants and the retention of carbon within the soil, resulting in an annual biological carbon sequestration of approximately 170,000 tons of carbon dioxide equivalent.



Indicator	Unit	2022	2023
Output of Fermented Manure	Tons	100,000	130,000
Return-to-Field Reclaimed Water	Tons	16,000,000	17,180,000
Land Area for Waste Absorption	Mu	145,000	150,000
Incl. Field Area	Mu	60,000	70,000
Output of Fresh Fruits and Vegetables	kg	1,600,000	4,935,000

Case The Harvest’s Spectrum

September 23, 2023 marked the 6th Chinese Farmers’ Harvest Festival. With apples in red, amaranth in purple, and pumpkins in green, the nationwide New Hope farms embraced a vibrant harvest season during this autumnal equinox. In recent years, New Hope Liuhe has vigorously developed a green and environmentally friendly circular agricultural model featuring the “combination of planting and breeding”. By planting fruits and vegetables in the farm area, the Company has not only optimized the ecological environment and enhanced the comprehensive utilization efficiency of the land but also enriched the dietary structure of employees, improved the Company’s self-sufficiency capabilities, and set a benchmark for the sustainable development of ecological farming.

Ningxia: Crimson Apples

In the New Hope factory area in Ningxia, clusters of crimson apples hang from the branches. In the northwest’s land with long sunshine hours and large diurnal temperature variations, abundant light provides excellent photosynthesis for these small apples, resulting in fruits rich in mineral elements and vitamin C, with a crisp, sweet, and juicy taste.



Heilongjiang: Verdant Vegetables

In the vegetable garden of the New Hope Environmental Protection Station in Yichun City, Heilongjiang Province, beans, scallions, cucumbers, and other vegetables are thriving, presenting a lush green color that is pleasing to the eye. Nearly 400 mu of corn have also been planted in the area designated for waste absorption. When the corn ripens, it will add a new hue to the harvest.



Tianjin: Reddish Brown

The first color of harvest at the Taiping Pig Farm in Tianjin is reddish brown. The red sorghum resembles burning torches, igniting the hope of harvest. Due to the saline-alkali soil type here, employees adapt to local conditions and fully utilize the salt-alkali tolerance, flood and drought resistance, and strong adaptability characteristics of sorghum. In 2023, 660 mu of sorghum were planted, with an average reclaimed water absorption of 240m³ per mu.



Inner Mongolia, Hubei: Diverse Fruits and Vegetables

Located in Zhenan Pig Farm in Tongliao City, Inner Mongolia, it sits on a 300-mu expanse of black soil. Tomatoes, eggplants, cucumbers, celery, beans, cabbage, radishes, and various other vegetables and fruits thrive in this land, forming a colorful landscape. This largely meets the supply needs of the employee canteen, reflecting a positive interaction between ecology and the economy.



The Sanhe Pig Farm is located in Xiaogan City, Hubei Province, where there are distinct seasons, abundant rainfall, and ample sunlight. Coupled with the nutrient-rich fermented manure produced in the area, vegetables and fruits are flourishing. In 2023, nearly 1,500 kg of fresh melons, watermelons, cucumbers, and tomatoes, along with 1,000 kg of vegetables, were harvested, adequate for the daily dietary of 200 individuals within the farm area.



Advancing Land Use and Biodiversity Conservation

New Hope Liuhe rigorously complies with national and local laws and regulations on biodiversity conservation, seamlessly integrating biodiversity protection across all phases of project planning, design, construction, and operation to safeguard the ecological stability and biodiversity of operational sites.

Preliminary Planning	Rigorous Site Selection	We adhere strictly to national guidelines governing the layout of facilities for livestock and poultry farming, agricultural land use boundaries, and ecological zoning requirements (referred to as the "Three Lines and One List"). This involves avoiding areas designated as prohibited for farming, such as nature reserves, key ecological zones, scenic spots, and regions prone to drought or water scarcity, while also ensuring the preservation of local water sources and ecosystems.
	Scientific Assessment	We conduct environmental impact assessments and ecological risk evaluations to scientifically evaluate the potential effects of projects on the surrounding ecological environment. Based on the findings of these assessments, we develop corresponding protective measures and restoration plans.
Construction and Development	Environmental Oversight	We intensify monitoring and inspection of construction sites to rigorously enforce the "Three Simultaneities" principle, preventing any adverse impacts on the surrounding land and ecological environment.
	Green Technologies	We promote and apply eco-friendly construction technologies, such as employing low-impact construction methods, minimizing land leveling and soil covering, and establishing ecological protective barriers, aiming at reducing land degradation and habitat destruction.
Project Operation	Ecological Restoration	We actively engage in ecological restoration and soil ecological remediation efforts, utilizing measures such as planting-breeding integration, organic fertilizer application, and soil conservation to enhance soil fertility and strengthen the stability and resilience of the ecosystem.
	Environmental Monitoring	We establish a robust environmental monitoring mechanism, performing intensified inspections of environmental protection facilities. Regular maintenance and upkeep of these facilities are conducted, along with periodic monitoring and recording of various environmental indicators. This ensures the timely identification and resolution of any issues, thereby guaranteeing the continuous and effective implementation of environmental protection measures.

Empowering Employees

04

Pursuing Excellence through Growth



3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

The proportion of female employees in middle and senior management: **14.80%**

Total hours of employee training: **1,610,000** hours

Investment in production safety: RMB **88.8138** million



Protecting Employee Rights and Interests

New Hope Liuhe remains committed to a human-focused approach in its development, consistently promoting diverse and equal employment opportunities. We constantly enhance our hiring processes and offer a competitive compensation and benefits package, and actively foster a democratic communication platform to effectively protect employee rights and interests.

Promoting Diversity and Equality in Employment Practices

New Hope Liuhe rigorously adheres to laws and regulations such as the Labor Law of the People's Republic of China, the Company Law of the People's Republic of China, and the Labor Contract Law of the People's Republic of China, as well as international human rights standards and local legal policies where operations are based. The Company has established internal management systems including the New Employee Handbook, New Hope Liuhe Employee Professional Conduct Guidelines, New Hope Liuhe Business Conduct Guidelines, and New Hope Liuhe Red Lines. These policies strictly prohibit the employment of child labor and forced labor, and ensure that recruitment, hiring, and promotion processes are free from discrimination based on gender, ethnicity, nationality, religious beliefs, family status, or disability. The Company is also dedicated to establishing sustainable labor relations, effectively protecting employee rights, appropriately addressing potential labor disputes, and promoting the ongoing healthy growth of the business.

● Enhancing Talent Recruitment

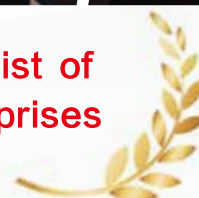
New Hope Liuhe actively builds its talent supply chain and improves its employee recruitment system. The Company forecasts recruitment needs and talent gaps based on strategic development trends. The goal is to enhance core business and professional capabilities, achieving both horizontal collaboration and vertical inte-

gration. Through in-depth analysis of long and short-term strategic objectives, defining directions for business expansion and technological innovation, integrating the results of talent inventory diagnostics, and examining team capability adaptability and core position competency, we formulate long and short-term talent allocation plans to ensure the sustainability of talent supply, thereby driving the enhancement of organizational capabilities and the achievement of business objectives.

The Company places great emphasis on talent development, continuously expanding recruitment channels through various means both online and offline, such as campus recruitment, social recruitment, special recruitment for retired military personnel, collaboration projects with universities, internship programs, and internal employee referrals. In this way, the Company actively fulfills its corporate responsibility and creates more employment opportunities for society. In 2023, we actively responded to national initiatives by participating in the Ministry of Education's Supply and Demand Talent Development Project. We deepened specialized training in the agricultural industry by forming targeted partnerships with ten prominent agricultural universities, including Northwest A&F University and Qingdao Agricultural University. Moreover, the Company continues to enhance its military recruitment program by providing 1,000 targeted positions and 100 direct-entry spots specifically for veterans. The Company provided jobs for 18,576 individuals in 2023, comprising 651 new graduates. During the reporting period, the Company employed 1,308 veterans.



**Recognized in the 2022 National Honor List of
Veterans Employment Cooperation Enterprises**



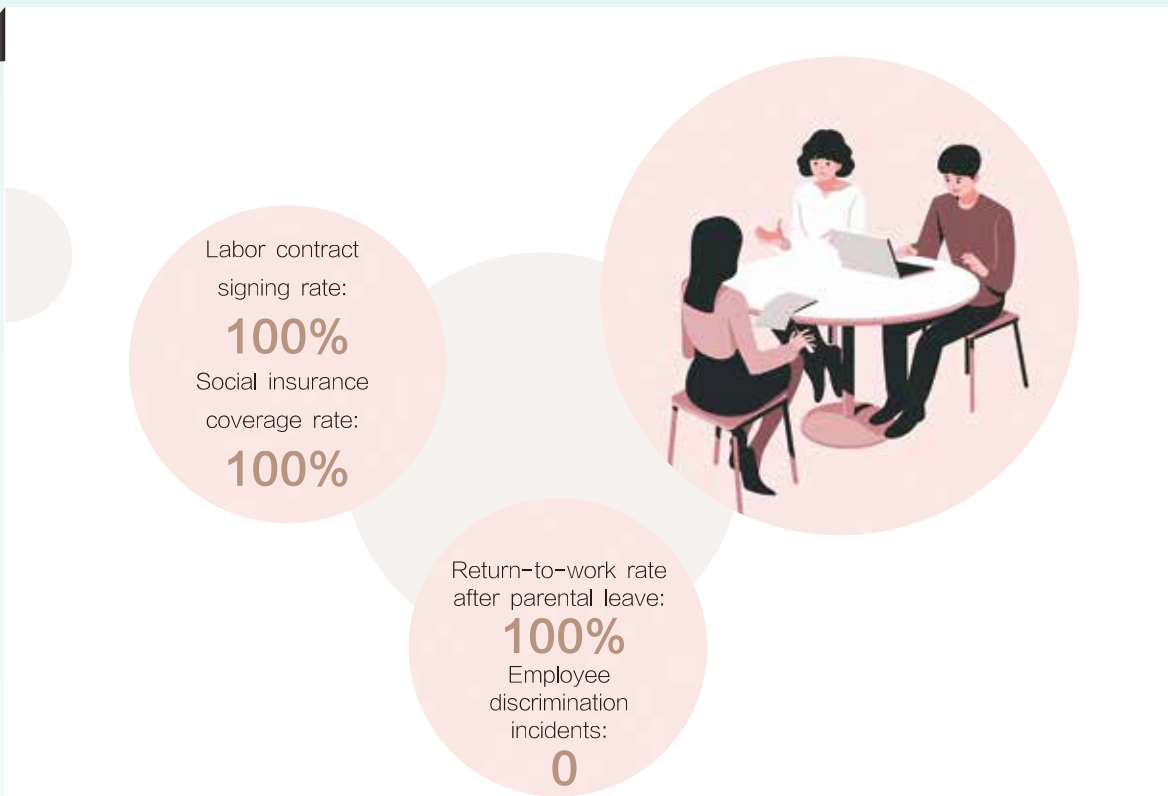
Indicator		Unit	Value
Total number of employees		Persons	50,517
Number of newly recruited employees	Number of employees recruited during the reporting period	Persons	18,576
	Number of newly recruited fresh graduates	Persons	651
Number of employees by gender	Male employees	Persons	38,383
	Female employees	Persons	12,134
Number of employees by age	Employees under 30 years old	Persons	16,951
	Employees aged 31-50	Persons	27,897
	Employees over 50 years old	Persons	5,669
Number of employees by hierarchical level	Senior management	Persons	9
	Middle management	Persons	1,505
	Entry-level employees	Persons	49,003
Number of employees by educational level	Employees with a high school education or below	Persons	19,222
	Employees with college degree	Persons	13,454
	Employees with bachelor's degree	Persons	15,103
	Employees with graduate degree or above	Persons	2,738
Number of employees by region	Chinese employees	Persons	43,284
	Overseas employees	Persons	7,233
Employee turnover rate		%	33.39
Employee turnover rate by gender	Male employees	%	25.69
	Female employees	%	7.70
Employee turnover rate by age	Employees under 30 years old	%	15.25
	Employees aged 31-50	%	16.09
	Employees over 50 years old	%	2.05

● Enhancing Employee Human Rights Protection

New Hope Liuhe places significant emphasis on safeguarding employee human rights. The Company has established a robust system for human rights and labor rights, adhering strictly to core labor standards delineated by the United Nations Global Compact, the International Labour Organization, and internationally recognized human rights principles such as the Universal Declaration of Human Rights. Specifically, New Hope Liuhe's Indonesian subsidiary and its overseas poultry division have developed internal human rights policies encompassing all employees and business activities. These policies explicitly prohibit all forms of violence or conflict and institute relevant prevention and response mechanisms. Moreover, the overseas poultry division has formed a committee comprising senior management personnel responsible for monitoring the effectiveness of human rights policies. Regular human rights impact assessments are conducted to identify potential risks. New employees undergo mandatory human rights protection training, while existing employees receive ongoing education. Furthermore, an anonymous complaint mechanism has been

established to ensure the comprehensive and effective implementation of human rights policies.

In 2023, New Hope Liuhe Indonesia established human rights goals aimed at enhancing employee awareness and promptly addressing injustices in the workplace. Through initiatives such as human rights education and training, enhanced partner scrutiny, and improved complaints mechanisms for addressing human rights issues, the company actively promotes the realization of human rights objectives. Simultaneously, the overseas poultry division set goals to reduce workplace discrimination incidents, increase employee engagement and satisfaction, and enhance the proportion of women in management positions. Through continuous human rights education and training efforts, the division achieved a 25% reduction in workplace discrimination complaints, a 15% increase in employee satisfaction, and a 5% growth in the proportion of women in management roles.



● Promoting Diversity, Equality, and Inclusion

New Hope Liuhe is dedicated to cultivating a diverse workforce and perpetually enhancing workplace inclusivity to ensure equitable job opportunities for all employees. The Company prioritizes safeguarding the rights of female workers by offering maternity leave, breastfeeding breaks, and childcare leave. Lactation rooms are available in all offices, and efforts are made to encourage and nurture female employees for managerial positions to harness their potential. The Company respects the cultural traditions and customs of various ethnic groups, fully addressing the special needs of minority employees. Respect for employees' religious beliefs is maintained, with prayer rooms provided in all offices to facilitate the completion of religious obligations during working hours. Adequate accommodations tailored to the physical conditions of disabled employees are provided, along with suitable job assignments, reasonable work schedules, and workload management to ensure their effective contribution in a comfortable environment.



Percentage of female employees in middle and senior management positions: **14.80%**

Percentage of female employees in reserve management talent pool: **10%**

Percentage of minority ethnic group employees: **7.90%**

Percentage of disabled employees: **0.55%**

Strivers } Ordinary Yet Exceptional Employees in New Hope Liuhe

The Company respects and appreciates each and every employee who is dedicated to their role. Employees in the Company, whether the feed warehouse inspectors working hard on the frontline, the PhDs tasked with new product R&D, or the quality controllers in the cold storage plant who strictly control product quality, all demonstrate the spirit of strivers through concrete actions. They are indispensable to the sustainable development of the Company.

Wang Xiaolin, Feed Warehouse Inspector

Wang Xiaolin, as the warehouse inspector of Nanchong New Hope Feed Co., Ltd, knows well that “one must give it their all and do it better each time.” He meticulously oversees every production step and ensures product quality, all while maintaining a conscientious and responsible attitude without any complaints. He always stays true to his original intentions and adheres to the concept of “keeping quality at heart and standard in mind.” He also maintains rigorous standards, firmly implements his duties, and shines in his role, exemplifying the role of an excellent employee and interpreting the profound connotation that labor is the most glorious and the greatest.

Li Qin, Senior Manager of Food R&D

Li Qin, the Senior R&D Manager in the R&D Department of the Food Sector, always maintains her passion for meat product R&D. She actively engages in meat product innovation, exerts her own advantages in research, and makes outstanding contributions to the development of the Company. She has successfully developed a variety of meat products with over 100 new products put on the market, effectively transforming scientific and technological achievements into industrial applications and greatly enhancing the Company’s market competitiveness and brand influence. Her professional skills and remarkable contributions have been widely recognized, and she has been awarded the second prize of the Chengdu Science and Technology Progress Award, and the title of “Chengdu Craftsman” and “Sichuan Model Worker.”

Xu Ruixue, Cold Storage Quality Controller

Xu Ruixue, hailing from Pingyi Cold Storage Plant of Shandong New Hope Liuhe Group Co., Ltd., an integrated company in Pingyi, showcased remarkable skills and performance at the “6th National Meat Industry (Poultry Segmentation) Vocational Skills Competition,” earning her the prestigious title of “National Technical Expert.” With 19 years of unwavering dedication at the Pingyi Cold Storage Plant, she has seamlessly transitioned from a frontline worker to a cold storage quality controller. Xu epitomizes perseverance and dedication, expressing, “I am passionate about my work. Whether as a frontline segmenter or now as a quality controller, I firmly believe that diligence in any role yields rewards.”

Yan Luqing, Equipment Maintenance Technician

Yan Luqing, an equipment maintenance technician at Shibing New Hope Liuhe Breeding Co., Ltd., underscores the significance of equipment maintenance, affirming, “Maintaining machinery is paramount for environmental protection stations. Timely upkeep enhances efficiency and minimizes repair costs for the Company.” Over his 22-year tenure, he has meticulously completed numerous maintenance tasks for sewage and solid waste equipment, adhering rigorously to specified timelines without fail. Always prepared to address work exigencies, he diligently attends to diverse equipment at the environmental protection station.

ISMET, Product Packaging Specialist

ISMET, a local employee of New Hope Turkey, serves as a role model for his colleagues through his dedication, sincerity, practicality, and eagerness to learn. He optimizes his spare time to acquire skills in medicine packaging, warehouse surveillance, and forklift operation, earning relevant certifications. ISMET willingly lends assistance, exhibits initiative, sustains high packaging efficiency, and upholds workplace cleanliness, consistently achieving commendable results in 6S inspections. Amidst personnel shortages following a Turkish earthquake, he demonstrated versatility and camaraderie, not only operating forklifts and packaging finished products but also facilitating supplies and aiding drivers in securing trucks. His meticulous work ethic and efficient performance have garnered unanimous acclaim from clients, enhancing the company’s standing.

Biosecurity Officers

At the yellow-green checkpoint of the Xijin Smart Pig Farm, two biosecurity officers have already started their daily work. Armed with effective chlorine test pens, they meticulously assess the concentration and temperature of disinfectants to ensure efficacy. The breeding pig farm is the most critical and vital link in the entire breeding production chain, with the yellow-green checkpoint serving as the “final line of defense.” The biosecurity officers uphold a stringent and responsible work ethos, unwaveringly honoring their commitment to a demanding work environment, meticulously scrutinizing every item destined for the production green zone, safeguarding the biological integrity of the pig farm and the well-being of the pig population.

Poultry and Livestock Farming Staff

In 2023, Bangladesh faced unprecedented high temperatures lasting over 50 years. Local employees diligently toiled in sweltering conditions to fulfill daily tasks during the day and worked overtime to cull breeding chickens at night. Despite tight schedules and arduous workloads, the employees exhibited unwavering enthusiasm, showcasing a profound sense of responsibility and professionalism, exemplifying the Company’s ethos of “Three-Like Culture” through their actions.



Promoting Employee Well-being

New Hope Liuhe has implemented a comprehensive compensation and benefits system with the aim of providing employees with a competitive salary structure in the industry. This not only ensures that our compensation package stands out as attractive to external talent but also serves as a key internal motivator for our employees. Simultaneously, we continually enhance our benefits programs to promote diversity and inclusivity, thereby reinforcing our employees' sense of happiness and belonging.

● Compensation and Benefits System

Compensation and Benefits System	
Differentiated Compensation Structure and Incentive Mechanism	<ul style="list-style-type: none"> • Management and functional staff adopt a performance-sharing system. • Frontline production employees are on a piece-rate system. • Marketing personnel follow a joint-sales remuneration system. • Hourly employees' salaries are determined based on their position and performance.
Equity-based Mid-to-Long-Term Incentives	Employee stock incentives: In 2023, the Company unlocked the Phase I stock incentive under the 2022 Employee Stock Incentive Plan. This initiative has effectively motivated and solidified our core management and key staff through long-term incentive mechanisms.
	Bonus pool distribution mechanism: The Company establishes a triple-index assessment system covering financial performance, operational excellence, and default management. This system includes various ESG-related indicators such as technological innovation, food safety, safety production, and environmental protection. To address periods marked by notable market fluctuations, we have introduced a bonus reservoir system for both headquarters executives and industry BUs, assessed on profit distribution metrics. This strategy aims to effectively harmonize incentive levels over various years, guaranteeing the consistency and stability of incentive policies while nurturing the growth and advancement of top-tier management teams.
Welfare Programs	Statutory benefits: Social insurance, housing provident fund, paid leave, parental leave (maternity leave), bereavement leave, etc.
	Special benefits: Free board and lodging, employee health check-ups, meal allowance, communication allowance, transportation allowance, housing allowance, holiday gifts and bonuses, condolence money, etc.

● Refining Welfare Programs

We are committed to constantly deepening and enriching our employee welfare programs to cultivate a more humane working environment. Alongside statutory benefits, such as social insurance, housing provident fund, paid leave, parental leave (maternity leave), and bereavement leave, we consistently enhance company-specific benefits such as free board and lodging, housing subsidies, holiday gifts and bonuses, and condolence money. Moreover, we tailor special welfare programs based on the cultural characteristics of each operating location. For example, New Hope Liuhe Bangladesh provides Eid-Al-Fitr allowance and Eid al-Adha allowance during major local holidays, contributing to enhanced employee happiness.

Case

Supporting the CGF Global Employee Well-being Campaign to Foster a Workplace Well-being Culture

In June 2023, under the theme of "pursuit of harmony in turmoil: working together to make a difference," the Consumer Goods Forum (CGF) Global CEO Summit launched the Global Employee Well-being Campaign. New Hope Liuhe actively participated in the initiative, sharing experiences in employee health and well-being, demonstrating our commitment to enhancing employees' sense of belonging and identity by respecting diverse ethnicities and religions, and fostering a workplace environment that embodies the qualities of the "military, school, and family."

Extended Reading

The Consumer Goods Forum (CGF) operates as a globally oriented, egalitarian industry network driven by members, dedicated to promoting the widespread adoption of practices and standards conducive to the advancement of the consumer goods sector.



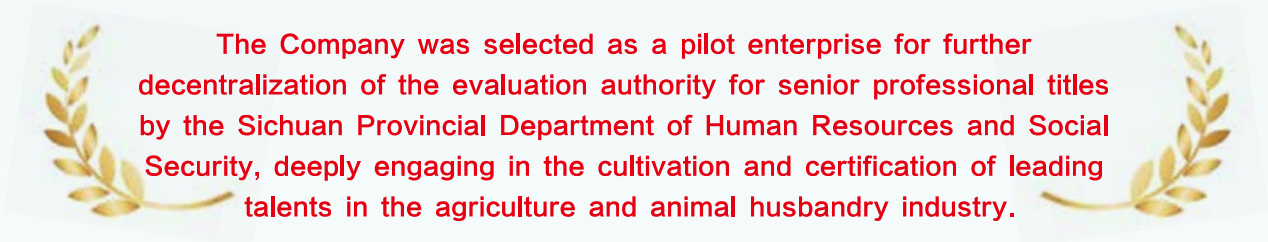
Strengthening Employee Communication

New Hope Liuhe places emphasis on listening to employee feedback, continually reinforcing democratic management practices, actively expanding communication channels, and safeguarding employees’ rights to information, participation, expression, and oversight. The Company has established a democratic management framework with the Workers’ Congress as its cornerstone, necessitating the review of significant matters involving employees’ fundamental interests by the Workers’ Congress. Furthermore, the dissemination of various regulations and protocols within the Company occurs through the OA platform, facilitating employee feedback via channels such as the “HRSEC Hotline,” email, Feishu, public phones, etc., to address any queries, opinions, or suggestions.

The Company consistently refines avenues for employee grievances and complaints, instituting regulations like the Accountability Management System, which delineates employees’ rights to appeal disciplinary actions. A dedicated “Complaint Reporting” channel enables employees to report observed non-compliance, with the Company ensuring confidentiality and promptly addressing employee complaints. Additionally, mechanisms for employee performance feedback and appeals are established. The Performance Management System has been developed to outline employees’ appeal rights and standardize the performance feedback appeals process.

Building a Platform for Growth

New Hope Liuhe regards talent as the core driving force for company development. We have established a sound talent cultivation system, comprehensively assist in enhancing employees’ abilities, smooth the career development path for employees, and continuously motivate their growth and development. Through these efforts, we solidify the building of the Company’s talent pool.



Improving Employee Ability

New Hope Liuhe focuses on the goal of “core & foundation focus, precise empowerment, and visualized talent cultivation.” We have built and continuously optimized an employee training and development system tailored to the Company’s needs. By integrating internal and external industry resources, we develop a training system with corporate and industry characteristics, creating a multi-dimensional, systematic, step-by-step, and specialized talent cultivation system. This provides employees with a broad platform for self-growth and development.

Core & Foundation Focus, Precise Empowerment, Visualized Talent Cultivation	
Leadership Development for Cadres	We aim to develop cadre leadership and establish a talent supply chain across all levels. We utilize talent development programs such as the New Talent Plan, Elite Talent Plan, Top Talent Plan, and Leader Plan, along with supporting coaching centers, to cultivate reserves of outstanding talent for development at all levels of the Company.
Professional Capability Building	We have studied the best practices for key positions, and strengthened the professional capabilities of specialized positions, with a particular focus on the marketing sequence. This involves analyzing key job tasks, creating job learning maps, learning expert experience to develop learning resources, and initiating training.
Strengthening the Foundation of Talent Cultivation	We focused on the inheritance of our corporate culture and experience inheritance. Based on the support of digital platforms and internal trainers, we have established a strong foundation of talent cultivation through efforts including the cultivation of internal trainers, curriculum system construction, training system construction, and digital learning platform construction. We also collaborated with various industries to create two popular IPs, “Warriors’ Talk” and “The Shining Sharers”, creating a school-like organizational atmosphere conducive to learning.

The Company implements a targeted training strategy based on different job positions, levels, sequences, and business types, aiming to achieve specialized and diversified talent pool construction. Furthermore, the Company combines internal and external training methods, with a combination of online and offline modes, to comprehensively empower employees of all kinds.

● Layered and Precise Training

New Talent Training Camp Focus on new employees

Our New Talent Training Camp revolves around centralized learning, comprehensive coaching throughout the process, and on-the-job training as its core components, engaging a total of 1,525 new employees. The Company provided new employees with a 365-day-long journey of guided training, offering activities such as pre-job internships, the New Talent Training Camp, and workplace skills empowerment courses. These activities aim to help new employees gain a deep understanding of corporate culture and business development, collectively shaping their career aspirations and facilitating their growth. We have selected 40 outstanding employees as "Experience Mentors" who closely interact with new employees throughout the Camp, paying full attention to their learning dynamics and aiding in their smooth transition from campus to the workplace.

Elite Talent Plan Focus on new managers and high-potential managers

For the 1,200 new managers, a blended learning approach was employed under the Elite Talent Plan, focusing on honing their 5 core competencies to facilitate their transition from individual contributors to team managers. Additionally, for the 105 high-potential elite managers, the Company organized offline training courses by sector to strengthen their core management abilities, enhance management efficiency, and aid them in evolving from competent team managers to high-performance managers.

Top Talent Plan Focus on entry-level and mid-level managers in different sectors and supporting departments

For outstanding entry-level and mid-level managers, a learning approach combining online and offline methods is adopted to enhance their strategic thinking and foster innovation awareness, thereby facilitating their transformation into leaders with entrepreneurial thinking. Through online training, we have empowered a total of 239 front-line general managers, updating their business concepts and unifying their management cognition. Through offline training, we utilized methods such as action learning and coaching leadership to provide targeted training for high-performing general managers, successfully nurturing 186 key managers.

Case Key Position Personnel Training Program

In 2023, the Company focused on cultivating talent in the marketing sequence, taking the lead in launching a series of development and training initiatives within the Food Sector BU. Through preliminary work such as research on frontline job requirements and job analysis, the Company clarified the learning path for the food marketing personnel, initiating a key position personnel training program. This program focused on critical job tasks, knowledge map analysis, and the customized development of specialized courses for the marketing sequence. It successfully developed 6 internal marketing courses, trained 13 internal trainers, and provided empowerment training for over 300 marketing professionals.

Internal Training

The Company fully explores and utilizes internal resources to transmit professional knowledge and experience to employees through methods such as internal lecturer-led classes and business-sharing sessions. Besides, we continuously strengthen the building of its internal lecturer team, formulating the Internal Lecturer Management Measures to standardize the certification and operation management of internal lecturers. This helps cultivate and motivate internal trainers, enabling them to enhance their teaching abilities and providing robust faculty support for the Company's internal training.



● Expanding Training Resources

External Training

The Company actively expands cooperation with external professional institutions, integrating high-quality educational resources to provide employees with diverse learning and development opportunities. Collaborating with Suzhou Freemind Enterprise Management Service Co., Ltd., we conducted counselor training for the new employee training in the New Talent Plan. We arranged for Elite Talent Plan participants to study management courses based on "The Effective Manager" core content in collaboration with Shandong Hi-walk Enterprise Management Co., Ltd. Besides, we partnered with Qingdao Times Bright CreSuccess Management Consulting Co., Ltd. to provide EMBA program participants with opportunities to visit and study at well-known companies such as BYD, Geely, and ECOVACS, thereby supporting employee growth and development.

Online Training

The Company has established the "New Hope Academy" internal digital training platform, integrating employee learning, training management, and knowledge accumulation. It regularly updates course content, introduces cutting-edge industry knowledge, and helps employees enhance their competitiveness in the workplace. In 2023, the total attendance of online learners on this platform reached 1,679,597, with an average learning time of 15.94 hours per person.

Case “Warriors’ Talk” and “The Shinning Sharers”

In 2023, the Company created two popular IPs, “Warriors’ Talk” and “The Shinning Sharers,” leveraging an online learning platform. These initiatives aim to construct a comprehensive learning organization, establish internal sharing brands, and foster an active learning atmosphere. We invited experienced and energetic individuals within the Company to participate in the events. They delved deeply into sharing their management experiences and personal growth stories, facilitating the effective dissemination and sharing of internal experiences. This approach effectively assisted employees in absorbing rich management wisdom and life experiences, further enhancing their professional competence and comprehensive abilities.



The program has launched **10** episodes and garnered **400,000** views, with an average rating of **4.9** points.



Additionally, **93** cases were documented, comprising **52** business operation cases, **30** team management cases, and **11** personal experience cases.

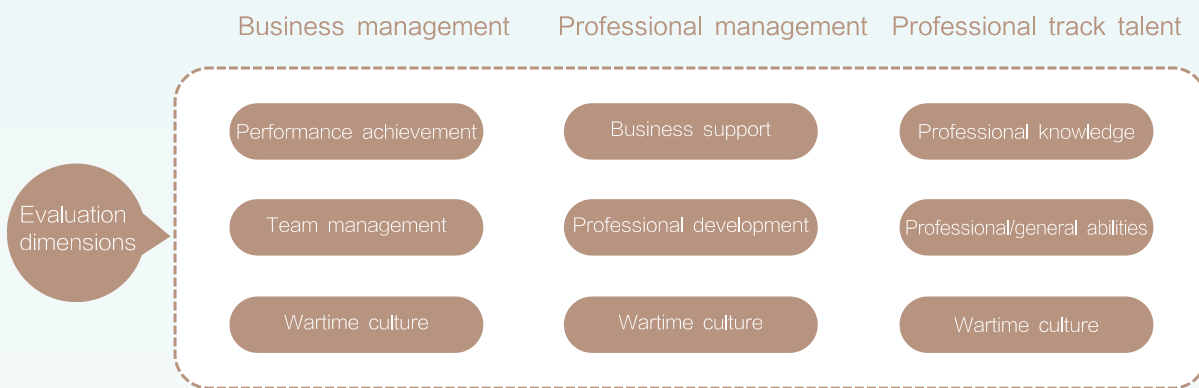


Indicator	Unit	Value
Total investment in employee training	Million RMB	4
Total number of training attendances in the year	Attendances	404,000
Total training hours for employees	Hours	1,610,000
Training coverage rate	%	37%
Training coverage rate for male employees	%	90%
Training coverage rate for female employees	%	10%

Facilitating Career Development Channels

New Hope Liuhe consistently optimizes the employee career advancement and development paths, creating a fair and transparent promotion mechanism to ensure that talents of different types and levels have ample opportunities for career development, achieving comprehensive coverage and deep outreach of talent career development.

In 2023, the Company conducted a comprehensive optimization of its job grading system, designing development paths for three major job categories: Management Talents (“M”), Professional Talents in Key Sequences (“P”), and Occupational Skills Talents (“O”). Each job category is further subdivided into multiple sequences and job types, collectively forming a clear blueprint for employee career development. Additionally, the Company improved its talent evaluation system and conducted talent audits for key positions, comprehensively diagnosing the talent structure and capabilities at all levels, accurately identifying high-potential talents at various levels, and providing planning guidance for the capacity building of various levels and routes. Regarding the building of the Company’s reserve talent pool, we adopted a hierarchical focus and management model to discover, select, train, and develop cadres in practical situations, creating talent pools for cadres at all levels. This allows cadres to continuously learn and grow in practice, providing strong support for the Company’s high-quality and sustainable development.



Encouraging Employee Development

The Company values the growth and development of its employees, encouraging and supporting them in continually pursuing self-improvement to unleash their potential, thus achieving the shared goal of personal and company development.

● Academic Degree Program Support

The Company focuses on the cultivation and motivation of middle and senior-level managers, specifically targeting outstanding, high-potential, and future leadership talent within its ranks. To facilitate this, the Company has initiated an EMBA program and integrated it into its leadership development system, aiming to enhance the academic qualifications and capabilities of these individuals. This initiative systematically deepens the understanding of middle and senior-level management cadres regarding the essence of business acumen and leadership. It fosters elevated levels of critical thinking, expands their perspectives, and ultimately better prepares them to contribute to the Company’s operational growth. In 2023, we successfully trained 179 middle and senior-level managers through methods such as classroom-based training and benchmarking study tours.

Skills Certification Support		
Skills Certification Support for Various Sectors	Targeted Group	Measures and Results
Production Position Skills Certification in the Pig Sector	Breeders, technicians, supervisors, line heads, biosafety officers, veterinarians, etc.	We conducted skill grading certification for pig farming production, veterinary, and biosafety, creating and publishing 435 certification SOP short videos and 57 micro-courses. This resulted in a total of 3,500 employee attendances.
Free Range Position Certification in the Pig Sector	Free-range administrators for free-range routes	We have created 14 production SOP videos and 24 general courses, with 600 employees participating in certification.
Production, Inspection and Testing, and Technical Service Position Certification in the Feed Sector	Production operators, inspection and testing personnel, pig and poultry farming technical service experts	Through the certification of a graded competency system, we identified high-skilled talents and aligned them with suitable incentive policies to enhance retention rates. This initiative engaged 3,400 employees.

Providing Heartwarming Employee Care

New Hope Liuhe places great importance on the humanistic care of its employees, striving to create a workplace with warmth to promote a balance between work and life for employees. We conduct a series of employee care and support activities, continuously enhancing employee happiness and fostering a harmonious and inclusive work environment.

Balancing Work and Life for Employees

The Company emphasizes the balance between work and life for its employees, enriching their leisure and cultural lives. Each year, we organize over 1200 cultural training and team-building activities to deepen the dissemination and consolidation of our corporate culture, strengthening team cohesion and fostering team spirit. In 2023, the Company organized a series of activities in festivals like the Lantern Festival and International Women’s Day, established the “Chengdu Platform Cultural Troupe”, and actively engaged in various cultural and recreational activities such as retracing the Long March route, hiking challenges in Jinggang Mountains, hiking the Shudao Trail, visiting revolutionary sites, cultural exchange meetings, and book sharing sessions. These activities enhanced employees’ sense of belonging and happiness, created a united and harmonious work atmosphere, and consolidated strong soft power for the Company’s development.



The Overseas Business Unit of Egypt Region organized basketball matches among various branch offices to enhance employee interaction and foster team cohesion.



The Company organized the “Enjoying Yuanxiao, Delighting in Lantern Festival” celebration event on the Lantern Festival and prepared various flavors of yuanxiao (glutinous rice balls) for the employees, allowing them to celebrate the Lantern Festival together in a warm and cozy atmosphere.



To combat the cold weather, the Company arranged activities such as making dumplings and baking sweet potatoes to warm up and comfort employees.



The Company organized a mountain climbing event titled "Walking Together and Continuing Brilliance," aiming to deepen trust and collaboration among team members through challenges and cooperation, thereby enhancing team cohesion.



The Company encouraged badminton enthusiasts among its employees to participate in the "Gathering of Badminton: HSBC China Badminton Tournament." The representative team gained fifth place in the competition and was honored with the opportunity to capture moments with the world badminton champion, Fu Haifeng.



The Company held a fun sports day to create a relaxed and enjoyable atmosphere, promoting communication among employees and inspiring team spirit and cooperation among them.

Providing Employee Care and Support

The Company consistently prioritizes employee care, showing concern for various employee groups. Through initiatives such as establishing the baby care rooms, providing parking spaces for disabled individuals, offering condolences to sick employees, and setting up the “Energy Refueling Station,” we aim to comprehensively enhance employee happiness. Furthermore, we have been actively promoting the Good Mutual Assistance Association and the Warm Heart Project for many years, advocating mutual assistance and love among employees, and promoting the cultural construction of harmonious integration both within and outside the Company.

● Workplace Care

Caring for Female Employees:

To address the concerns of female employees during breastfeeding periods, the Company has set up baby care rooms within the workplace. These rooms are designed to be convenient, clean, and comfortable, providing nursing mothers with a private space to address their needs.



Caring for Disabled Employees:

The Company respects and attends to the needs of disabled employees by designating specific parking spaces for them, ensuring they have convenient travel conditions.



Condolences for Sick Employees:

The Company promptly extends assistance and heartfelt care to employees facing illness, striving to help them overcome their difficulties.



Support for Overtime Employees:

A nighttime “Energy Refueling Station” has been specially established to provide light meals and beverages for employees working late hours. This initiative ensures that employees receive necessary energy supplements during busy work periods.



● Good Mutual Assistance Association

In line with the corporate culture philosophy of being “like a family,” the Company has established an internal mutual aid organization called the “Good Mutual Assistance Association.” Employees voluntarily contribute membership fees annually to become group members. These fees are pooled to form the “Good Mutual Assistance Fund,” which is dedicated to providing internal medical assistance to members and their relatives, as well as offering aid to members affected by disasters or deceased members. The Company is committed to extending care and support beyond the workplace, ensuring that every employee experiences warmth and compassion akin to that of a family.

Since its inception in 2014, the Good Mutual Assistance Association has supported **2,366** families, providing a total of RMB **22.9121** million in aid.

In 2023, the Good Mutual Assistance Fund received a total contribution of RMB **6.0515** million, with **44,508** employees enrolling as members, indicating a **66%** enrollment rate.

A total of **552** families were assisted, with a total aid amount of RMB **5.894** million.

● Warm Heart Project

Since 2011, we have been actively advancing the “Warm Heart Project” to continuously improve the working and living conditions of its employees. The Company mandates that each subsidiary implements standardized management for canteens, bathing facilities, and dormitories, known as the “Two Canteens and One Dormitory” standard, to ensure employees’ basic living needs are met. For production workers who face high work intensity and physical exertion, the Company has tailored canteen meal plans and standards to ensure the quality of meals. Additionally, the Company consistently promotes environment beautification efforts within the factory premises to create a pleasant working environment for employees, thereby enhancing their sense of belonging and well-being.



“Employee Home” canteen at the Chengdu Branch



Employee library corner at the Qingdao Branch



Employee dormitories at the Nanchong Branch



Sports area in the employee activity room at the Ningxia Branch



Bowl and chopstick sterilization cabinet at the canteen of Pingyi Branch



“Warm Border & Green Environment” care service station at the Pingxiang New Hope Liuhe Feed Co., Ltd.



Vegetable garden at the Weifang New Hope Liuhe Feed Technology Co., Ltd.



Family reception room at the Lhasa Branch

Strengthening Production Safety

By strictly abiding by the Labor Law of the People’s Republic of China and other relevant laws and regulations and capitalizing on a sound safety management mechanism, New Hope Liuhe refines its occupational health management system, actively promotes the formation of a safety culture, and effectively safeguards the occupational health and safety of its employees. These efforts have laid a solid and stable foundation of production safety for the high-quality development of the Company.

↑ **35%** of our subsidiary companies were awarded the Certificate for Work Safety Standardization (level III), covering all operations, as well as contractors and vendors

Production Safety Management

In strict compliance with relevant laws and regulations such as the Production Safety Law of the People’s Republic of China, the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, and the Regulation on Work-related Injury Insurances, New Hope Liuhe has formulated the Management System for Production Safety, the Management System for Holding People Accountable for Production Safety Accidents, and the Safety Management Measures for Confined Spaces. These internal management systems apply to all employees and cover all business operations of the Company. In addition, the Company has engaged auditors to supervise and evaluate the implementation of these systems. In 2023, the Company enacted the Evacuation Management Regulations for Slaughtering and Cutting Workshop in order to further prevent the occurrence of critical production safety accidents involving mass deaths and injuries. By defining the division of responsibilities for the evacuation of people in the workshop and safeguarding free access to the workshop evacuation exits, safety exits and fire engine pathways, this policy has effectively raised the Company’s standard in production safety and laid a solid foundation for the safety and health of its employees.

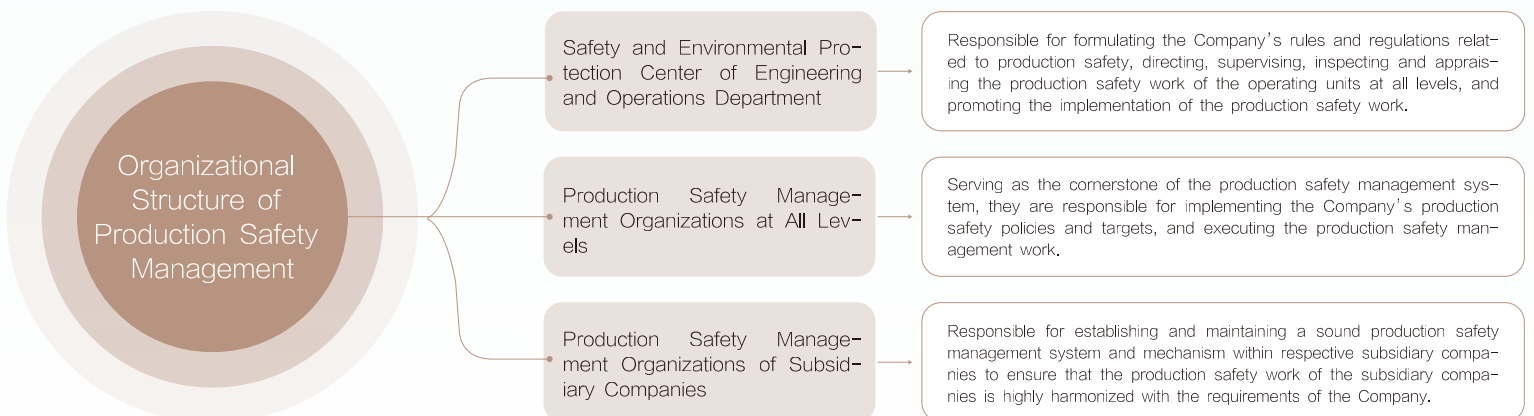
↑ Total investment in production safety: RMB **88.8138** million

During the reporting period, the Company recorded 209 work-related injuries, a total injury rate of 0.25%, and a loss of 3,121 workdays due to these injuries.

● Safety Management Mechanisms

New Hope Liuhe consistently optimizes its production safety management system and develops annual production safety targets and plans to promote efficient safety management. In order to enforce the implementation of production safety work, the Company has its safety performance associated with the remuneration of its executives to create a robust incentive scheme. In particular, the Company’s Engineering and Operations Department and the production safety management departments at all levels are responsible for undertaking the appraisal related to safety performance. In 2023, the Company’s headquarters prioritized its production safety appraisal targets in core areas such as production safety accidents, administrative penalties, and control of major risks. Given the headquarters’ targets and the actual situation, organizations at all levels under the headquarters developed concrete targets revolving around all operations and all employees of the Company. This has resulted in the formation of an up-and-down and coordinated work pattern for production safety promotion. At the same time, the Company has fully put into effect the comprehensive safety responsibility system for all employees. This lays a solid safety cornerstone for the Company’s sound development, as it holds individuals and departments accountable for safety and effectively raises employees’ awareness of safety.

↑ Safety management target: **0** first-class production safety accidents
2023 safety production target completion rate: **100%**



Case Establishing IT-based Production Safety Platform for Science and Technology-enabled Safety Improvement

In 2023, the Company actively promoted the digitization of production safety by vigorously developing an IT-based production safety platform. This has lessened the work intensity of employees at all levels and efficiently simplified the Company's control process for each safety control point. At the same time, excelled in strengthening the control of the control units, especially the critical danger source units, this platform has supported the safety work of the Company and laid a solid foundation for achieving the management goal of "controlling major risks and preventing major accidents."

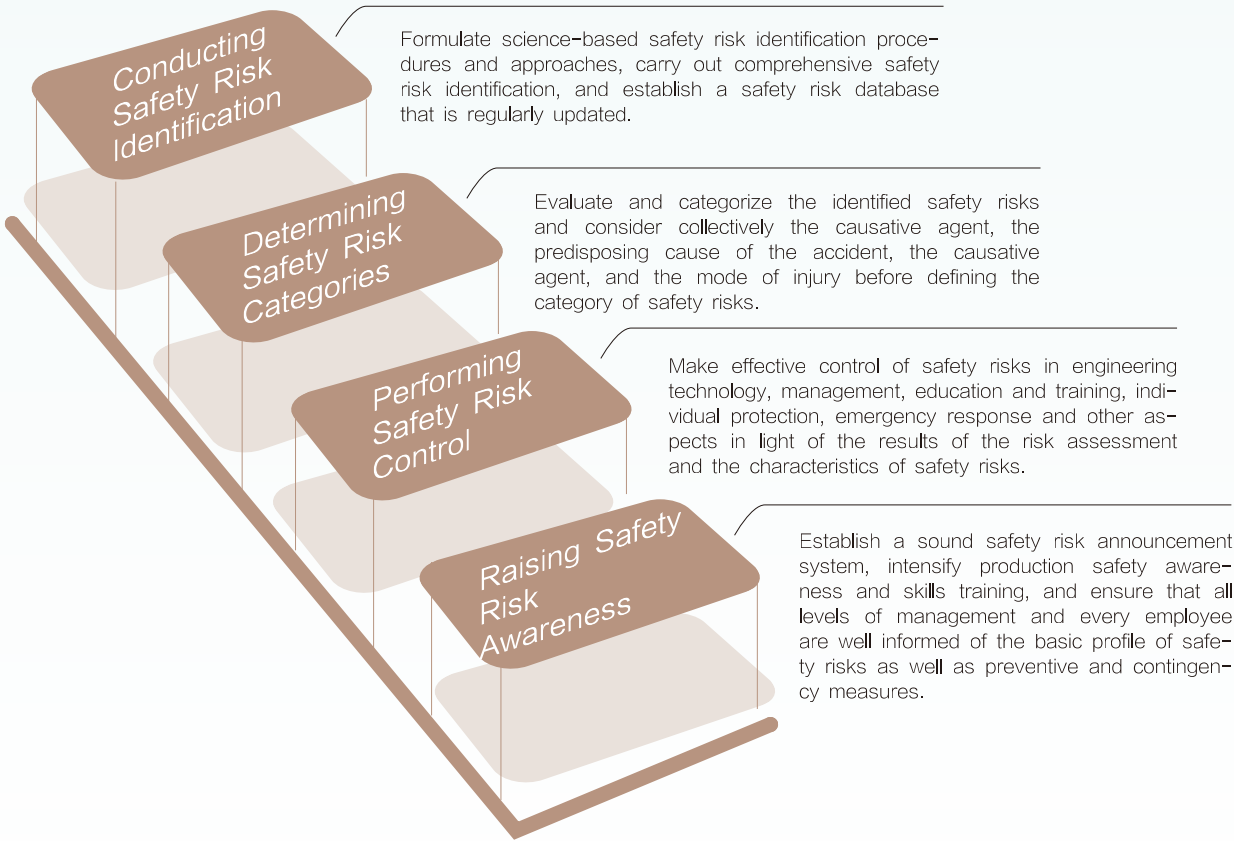
● Stakeholders' Safety Management

The Company attaches importance to stakeholders' safety management by raising their awareness of risk thresholds and promoting bottom-line thinking among stakeholders. According to the Management System for Production Safety, the Company has made clear the requirements for the management of stakeholders and specified the responsibilities of the Company's production and operation entities with regard to production safety management. We safeguard the safety of our employees and the general public by engaging qualified stakeholders, signing production safety management agreements with them, regularly monitoring their production safety status, and encouraging corrective actions when problems are identified. These help maintain a safe production environment.

● Dual Prevention Work Mechanism

The Company constantly advances the work of safety risk classification and control and hidden danger detection and treatment, with continuous efforts to establish and operate a profound and refined dual prevention work mechanism. By conducting safety risk classification and control in all aspects, the Company aims to identify, assess and control all kinds of safety risks and make sure that the risks of safety accidents are effectively controlled. In addition, the Company attaches importance to the hidden danger detection work. In case of detected hidden danger of production safety accidents, the Company promptly asks the departments concerned to make rectifications within a fixed deadline. This has to be done by determining the responsibility, measures, timetable, standard and manpower. Moreover, closed-loop management is also important to ensure that the hidden danger can be cleared up effectively, thereby laying a solid foundation for production safety.

Safety Risk Classification and Control



Hidden Danger Detection and Treatment	
Implementing the Responsibility System for Hidden Danger Detection	Establish and implement a system of responsibility for detecting hidden risks of production safety accidents extending from the main person in charge to the ordinary employees.
Comprehensively Promoting Hidden Danger Detection	For hidden risks of production safety accidents, we conduct routine detections, comprehensive detections, specialized detections, seasonal detections, detections during key periods and before holidays, accident analogy detections, detections before the resumption of production and work, and diagnostic detections by external experts.
Recording and Publicizing Hidden Danger Information	For hidden risks of production safety accidents detected, we make registrations based on the level of hidden risks of production safety accidents, establish archives of information on hidden risks of production safety accidents, and make announcements on bulletin boards or in other ways to employees.

the Company conducted safety empowerment and supervision inspections across **498** subsidiary companies

identified **51,037** potential safety risks and put forward **6,844** opinions and suggestions on safety management with a **98.89%** rectification rate of potential safety risks.

●Emergency Management

The Company consistently strengthens the emergency response to production safety accidents, puts in place a sound responsibility system for emergency response to production safety accidents, and formulates emergency response plans, with a view to supporting emergency response efforts from various aspects, such as organization, plans, supplies, drills, and rescue protocols. In 2023, the Company conducted a total of 2,579 production safety emergency drills.



Case Evacuation Access Clearance Project



Acceptance of the evacuation access clearance project

In order to enhance the emergency evacuation ability of the high-density workshops and prevent mass casualties and injuries in production safety accidents, the Company actively carries out the project of securing free access to evacuation exits. Spearheaded by the headquarters, this life-saving project features rational planning of the evacuation exits in the slaughtering and cutting workshop and food processing workshop for the Company's poultry and food businesses. Efforts to protect the lives and safety of employees and the Company's property were made by posting evacuation signs, training employees to undergo emergency evacuation in accordance with the evacuation plan, and conducting qualification acceptance by the Engineering and Operations Department at the Company's headquarters for all subsidiary companies involved in this project.

Emergency Response

Once a production safety accident occurs, the entity in which the accident occurred immediately initiates the emergency response plan and quickly organizes a rescue team to carry out emergency rescue in order to avoid escalation of the accident and minimize casualties and property losses.

● Safety Accident Treatment

In line with the principles of "hierarchical management, pragmatism, respect for science, and four imperative elements," the Company undertakes the work of dealing with production safety accidents in all respects to ensure that the accidents are dealt with in a timely and effective manner.



Compensation and Appeasement

In response to work-related accidents that have occurred, the Company offers timely and fair compensation and indemnification to the injured employees and their families in strict accordance with relevant laws, regulations and policies, and carries out psychological counseling and appeasement work to help them tide over their difficulties.

Accountability for Accident

The Company strictly implements the system of accountability for production safety. For any entities and individuals accountable for production safety accidents or consequences caused by serious negligence, unauthorized command, etc. in production safety work, accountability will be pursued and serious punishment will be imposed in accordance with the provisions of the Measures for the Administration of Accountability for Production Safety Accidents.

Focusing on Occupational Health

New Hope Liuhe attaches importance to the occupational health and safety of employees. In strict compliance with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Regulation on Work-related Injury Insurances and other relevant laws and regulations, the Company improves and standardizes the occupational health management system and strengthens occupational protection measures, in order to secure the physical and mental health of its employees. To prevent and control the occurrence of occupational diseases from the beginning, the Company regularly conducts hidden risk diagnoses for key positions to ensure timely identification and elimination of potential occupational health risks. The Company also regularly arranges occupational health checkups for its employees every year to get a comprehensive understanding of their health conditions and provide them with personalized health guidance and advice. Moreover, the Company actively engages in occupational health publicity and education activities to familiarize employees with occupational health knowledge and effectively protect their occupational health rights and interests.

6% of the subsidiary companies have been certified to the ISO 45001 Occupational Health Management System, covering all operations as well as contractors and suppliers.

Coverage rate of employee medical checkups: **100%**

Amount invested in occupational injury insurance for employees: RMB **102.7929** million

Coverage rate of occupational injury insurance for employees: **96.66%**

Raising Safety Culture Awareness

The Company continues to enrich the employee safety education system and actively promotes the cultivation of safety culture, so that the concept of safety has always stuck in the mind of each and every employee. In 2023, the Company held the Production Safety Month activities across the board. In particular, we actively arranged a range of safety training sessions in key areas such as liquid ammonia refrigeration technology, safety specifications for work in limited space, operation procedures for special operations, popularization of fire safety knowledge, and the safe use of special equipment. Such training sessions have effectively enhanced employees' safety awareness and risk prevention ability, laid a solid foundation for stable and orderly production and operation activities, and further secured the safety defense line for the Company's development in the long run.

Total number of safety production training across all levels:

8,182

Total training attendance: **756,983**

983

Total training hours:

137,027



Emergency rescue knowledge and skill training at Linyi Liuhe Food Co., Ltd.

Safety alert awareness training for frontline employees

Acceptance of liquid ammonia management improvement project at Weifang Tianhui Foodstuff Co., Ltd.

Case Safety Management Training for Liquid Ammonia

In order to effectively forestall the occurrence of liquid ammonia leakage, explosion and poisoning arising from production safety accidents, the Company conducted the Liquid Ammonia Management Enhancement Program. Designed for production safety managers working at liquid ammonia refrigeration subsidiary companies operating in the poultry and food sectors, this training program helps them gain a better understanding of the process of liquid ammonia refrigeration and the related safety risks and develops their ability to monitor and supervise the equipment maintenance work. This will eventually allow for the effective implementation of production safety management during the production process.

Nurturing Hope

05

for a Better World with Social Commitment



Food saved:
approximately

1.4

million tons

Increase in
farmers'
income through
the "Company
+ Farmers"
model: RMB

3.22 billion

External
charitable
donations: RMB

6.611

million



Safeguarding Food Security

Ending poverty and hunger is an important global concern shared by all countries. Since 2022, New Hope Liuhe has initiated the Food Saving Special Action to improve feed efficiency by 1% annually for five consecutive years. This sustained effort is projected to save a cumulative total of 1.5 million tons of food, equivalent to conserving over 3 million mu (200 thousand hectares) of arable land. In 2023, the Company intensified its efforts across various sectors such as livestock breeding, feed formulation, feed production, grain storage, transportation, and farming to further implement food-saving actions.

● Breeding Savings

We are constantly improving our breeding methods to enhance production performance. The age of core group pigs to reach 115 kilograms witnessed a significant reduction, resulting in savings of 55,000 tons of feed, equivalent to 36,200 tons of grain. The performance of core group sows has notably increased, with a rise in PSY (piglets per sow per year) by 1.92-2.88. The introduction of internationally leading bull semen has significantly boosted the volume of embryo transplantation, shortening the breeding cycle by 5-10 years compared to traditional methods.

● Feed Formulation Savings

We have enhanced the synergy between technology R&D and raw material procurement by launching a specialized project for high-efficiency collaboration across technology, procurement, product, and production sectors. A rapid assessment and response mechanism for the value of protein, energy, and oilseed ingredients has been established. Every five days, the value of raw materials is assessed and evaluated. We have promoted the substitution of low-value and new materials for soybean meal based on the ideal amino acid profile and low-protein diet technology. Leveraging near-infrared, databases, and digital nutrition systems, we have improved the efficiency of material substitution.

● Production Savings

We have employed technical upgrades and revised standards to enhance our existing production equipment. Different soybean meal processing standards were developed based on product positioning, category characteristics, and customer demands in different regions. Additionally, we have made technical modifications to grinder components to adapt them to local conditions, effectively reducing soybean meal wastage.

● Storage Savings

We have applied and continuously improved our digital warehouse management system, ensuring real-time monitoring of parameters such as temperature, humidity, gas concentration, pests, and moisture within our grain warehouses. This system guarantees that nearly 2 million tons of grains stored in the warehouses, such as corn, soybeans, and rice, remain free from losses caused by infestation, heating, and mold.

● Transportation Savings

We have shifted our transportation method from traditional bulk grain transportation to containerized shipping, establishing a "door-to-door" delivery model that improves transportation efficiency and reduces logistical losses by 1.5%.

● Farming Savings

Precision feed tower weighing, on-site management of pig feeders, and the application of precision feeding systems led to a reduction in feed wastage by 2%, saving 460 tons of feed per year. The PSY of sows reached 25.5, and the feed conversion ratio (FCR) of fattening pigs decreased from 2.88 at the beginning of the year to 2.71, resulting in savings of 306 thousand tons of feed (calculated based on the slaughter of 15 million commercial pigs).

In 2023,
nearly **1.4**
million tons of food
were saved, and
distributed across
various sectors:



Case Innovative Consortium Collaboration Promotes Progress in Food Saving Initiatives

In early 2023, New Hope Group took the lead in establishing the Feed Saving Technology Innovation Consortium, which brought together over 20 partners from various sectors including government, enterprises, universities, research institutes, financial institutions, think tanks, and society groups. The Consortium aimed to accelerate the adoption of feed-saving technological advancements and enhance the industrialization process to bolster national food security resilience. Throughout the year, the Consortium has actively facilitated the implementation of technologies and investments, ensuring the orderly progress of food-saving initiatives. New Hope Liuhe has collaborated with Hosencare Brothers and the team led by academican Yao Bin from the Institute of Animal Science of the Chinese Academy of Agricultural Sciences (CAAS), reaching preliminary cooperation intentions in areas such as fermented feed, health, protein, and synthetic biology. Additionally, the Company established a profound partnership with Shanghai HC System Control Technology Co., Ltd. to implement intelligent farming solutions at the Lighthouse Pig Farm in Shibing County, Guizhou Province. By promoting the adoption of relevant food-saving technologies through open scenarios, the initiative aimed to set a benchmark for intelligent farming solutions that conserve resources, reduce costs, and enhance efficiency.

Breeding:
36,200 tons saved
 (including **3,600** tons of soybean meal and **12,700** tons of corn).

Feeding:
1,149,500 tons saved (including **90,000** tons of soybean meal and **930,000** tons of corn).

Farming:
202,000 tons saved (including **19,900** tons of soybean meal and **70,500** tons of corn).



Supporting Rural Revitalization

New Hope Liuhe adheres to the mission of “profiting the farmers, benefiting the consumers,” dedicating itself to agriculture, farmer service, and rural development. The Company actively responds to the tough battle against poverty and the comprehensive rural revitalization strategy, promoting rural revitalization from various dimensions such as talent development, financial support for agriculture, and industrial revitalization. Since 2020, the Company has undertaken the Five-Five Project initiated by the New Hope Group for rural revitalization. This project commits to investing RMB 50 billion over the next five years to revitalize rural industries. It aims to create 50,000 new jobs to drive employment for university graduates, farmers, and other agricultural workers; provide public welfare training for 50,000 new green-collar farmers to support rural talent development; assist 50,000 agricultural entities, including farmers and minority enterprises; and establish five rural revitalization demonstration bases to create digital models for rural revitalization.

● Talent Revitalization

New Hope Liuhe places a strong emphasis on talent Revitalization. We have implemented the “100,000 New Green-collar Farmers Training Plan” for consecutive years and established a comprehensive rural talent training system. Through systematic short-term training and livestock technology services, we adopt modern apprenticeship and targeted training methods, collaborating with the government, universities, and enterprises to provide joint training. The Company empowers green-collar talents through the establishment of the New Hope Green-collar Academy, 100,000 new farmers’ training bases, and green-collar space entrepreneurial incubation bases. By 2023, we established nine major bases nationwide under the Green-collar Project, facilitating in-person training for more than 84,000 participants and generating nearly 13.69 million attendances in online training sessions. Through partnerships with institutions like the Shandong Vocational Animal Science and Veterinary College, New Hope Liuhe has made significant contributions to the animal husbandry industry by nurturing over 900 green-collar talents.



Training in pig breeding techniques

● Industrial Revitalization

New Hope Liuhe strategically concentrates on modernizing the agricultural and animal husbandry food industries, with a primary emphasis on pig farming and deep processing of meat products, aiming to drive the modernization, industrialization, and intelligence of the pig industry and contribute to rural revitalization. Adhering to the principles of “high investment, high efficiency, high returns, and low costs,” the Company introduces factory farming techniques characterized by all-in-all-out management, standardized production, and year-round balanced nutrition. It also promotes the integration of digital technologies such as cloud computing, the Internet of Things, big data, and artificial intelligence into the industry. This includes the adoption of farming equipment like air filtration systems, intelligent environmental control systems, automatic feeding systems, automatic drinking systems, and automatic manure removal systems. Additionally, it utilizes digital products such as Jubaozhu, Liaonifu, and Cloud Pasture to drive the digitization upgrade of the pig industry, thereby enhancing industry quality and efficiency.

Furthermore, the Company strengthens cooperation with local farmers, establishing a smart development model that links the enterprise with family farms to extend modern farming technology benefits to more farmers. We provide unified services to farmers engaged in farming production, including standardized piglets, feed, vaccines, management, and technical support, as well as unified farm construction standards and the centralized collection of pigs. In return, farm owners provide standardized fattening pig sheds and labor. By 2023, through the “Company + Farmers” cooperation model, New Hope Liuhe partnered with nearly 4,000 family farms across 22 provinces nationwide, bringing to market nearly 14 million fattening pigs and generating RMB 3.22 billion in income for the farmers. This collaborative effort not only promotes shared prosperity but also makes a positive contribution to ensuring the domestic pork supply in China.

Case

Signing a Strategic Cooperation Agreement with Beigang Logistics Injects New Energy into Rural Industrial Revitalization

In June 2023, New Hope Liuhe and Guangxi Beigang Logistics Co., Ltd. signed a strategic cooperation agreement in Fangchenggang, Guangxi Province. Beigang Logistics will leverage its transportation advantages by sea, railway, and road to provide tailored green, efficient, and cost-effective integrated logistics services for New Hope Liuhe. The two parties will use grain transportation as a bond, jointly shoulder the social responsibility of industry poverty alleviation and food security, and build a win-win situation based on serving the southwestern region of China.



New Hope Liuhe's special grain train for rural revitalization via the new western land-sea corridor

● Agricultural Financial Support

New Hope Liuhe adheres to the principle of “serving the real economy, serving rural areas, and serving farmers,” consistently innovating and optimizing financial products and services to meet the diverse needs of rural residents, thereby aiding the steady development of the rural economy. In 2023, leveraging the advantages of financial innovation, the Company introduced the pig farming assistance model and the “Jianzhubang” software for managing data from large-scale pig farms, injecting new vitality into the development of rural animal husbandry. By the end of 2023, IRF, a company under the New Hope Group specializing in agricultural financing guarantee services, had launched more than 30 special industry guarantee loan financial service schemes for agriculture and animal husbandry, serving over 202,500 agricultural entities, with financing totaling RMB 6.65 billion, effectively supporting small-scale agriculture and benefiting farmers.

Case

Establishing a Special Poverty Alleviation Fund to Implement Rural Revitalization Strategy

Nayong New Hope YuanSheng Agriculture Co., Ltd., a subsidiary of New Hope Liuhe, has actively participated in key poverty alleviation projects in Nayong County as part of the national rural revitalization initiative. They established a special fund, whereby 10 yuan of poverty alleviation funds were allocated for every ton of feed sold. These funds primarily supported poverty alleviation efforts, facilitated employment opportunities for farmers, implemented profit-sharing initiatives, and provided daily assistance to impoverished families. In 2023, the poverty alleviation special fund reached RMB 710,200.

The case of A Reliable Force in Action: Jointly Creating the Magnificent Picture of Rural Revitalization won the award of Best Practice Case of Rural Revitalization.

Strivers } “Village Head Course” for Rural Revitalization

The Company remains committed to promoting the “Village Head Course” rural talent revitalization program, fostering deeper collaboration among government, industry, academia, and research institutions, and exporting sustainable and replicable models of rural revitalization talent training to society. In 2023, the third iteration of the “Village Head Course” for Rural Revitalization gathered over 100 village party secretaries, village committee directors, and rural development foregoers from 22 provinces, autonomous regions, and municipalities directly under the central government, including Jiangsu, Xinjiang, and Hainan. Since the inception of the “Village Head Course,” nearly 300 grassroots governance officials have engaged in the training.



In 2023, the “Village Head Course” program carried out:

- 9 lectures and classroom dialogues,
- 6 specialized seminars
- 6 on-site field teaching activities,
- 2 sessions of star village experience sharing,
- and 2 group assignments



Chairwoman Liu Chang shares insights with attendees of the “Village Head Course”

“Village Head” Testimonials



“For me, the experience enables me to yield friendships, knowledge, and practical working methodologies. The instructors at the Rural Construction Workers’ Meeting demonstrate a grounded understanding of rural challenges and offer practical solutions derived from personal experiences, which I intend to adapt for our context.”

- Ding Zhongjie, member of village Party branch and village committee, Ji-angxia Village, Liyang City, Changzhou, Jiangxi Province



“I approached this learning opportunity with an open mind, finding it immensely rewarding. The instructors’ aphorisms such as ‘Rural revitalization is a sustained endeavor, but with diligence, innovation, there are no insurmountable obstacles,’ and ‘It’s crucial to unearth the local value of the countryside, leaving an indelible mark,’ have profoundly influenced me.”

- Meng Yanliao, foregoer of collective economy, Mahai Village, Longji Town, Multinational Autonomous County of Longsheng, Guilin City, Guangxi

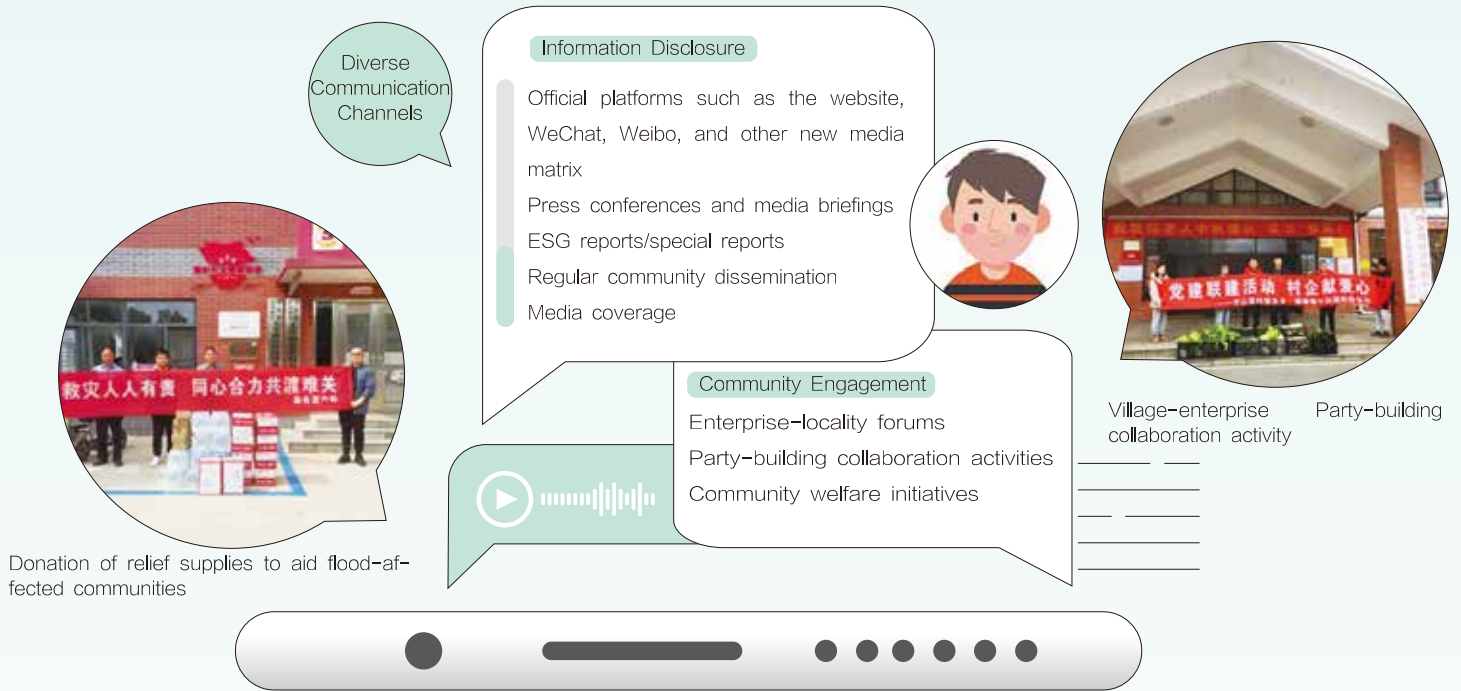


“The training has broadened our horizons and deepened our knowledge. It has also illuminated areas where we need improvement. I’m currently focused on applying our newfound knowledge upon returning to our village, to drive our development initiatives forward. This is my primary objective.”

- Liu Yingchun, Party branch secretary, Li-anxing Village, Shangta Town, Pingjiang County, Hunan Province

Creating Harmonious Communities

Building and maintaining public trust and support within communities are fundamental prerequisites for successful industrial operations. New Hope Liuhe consistently enhances impact assessments and preventive measures. It actively engages with local residents, proactively discerns community development needs, mitigates operational impacts on surrounding communities, and advocates for localized recruitment and procurement to promote indigenous operations. Through these efforts, the Company contributes to local economic development and the establishment of sustainable cities and communities.



Initiating Community Impact Assessments during Project Planning

Analyze the potential social, economic, and environmental impacts of projects, identify and quantify potential adverse effects early on, and devise corresponding mitigation measures and compensation plans based on assessment outcomes.

Gather community needs and expectations through visits, surveys, and other means to bolster community trust and reduce operational risks stemming from potential community disputes.

Minimizing Impact on Communities during Project Construction and Operation

Optimize site layout and construction processes by employing advanced environmental protection technologies to reduce pollution emissions; install effective odor control facilities to prevent the spread of environmental pollution and maintain the community's ecological environment.

Prudently schedule construction activities to minimize disturbances of noise and dust to daily community life; establish ecological isolation zones or green buffer areas to alleviate ecological pressures, avoid significant impacts on community quality of life, and maintain favorable neighborly relations.

Enforce stringent biosecurity measures to prevent the spread of diseases within the community and safeguard public health.

Promoting Community Development

Encourage local employment, prioritize the recruitment of residents from surrounding communities, and provide vocational skills training to foster community identification and involvement in enterprise projects, creating mutually beneficial relationships.

Actively engage in community infrastructure enhancement, employment training, and other public welfare initiatives to enhance the living standards and social welfare of community residents, thereby facilitating shared development.

Engaging in Charitable Activities

Upholding the belief of “being rooted in society and giving back to society,” New Hope Liuhe actively engages in charitable activities, constantly expands its public welfare endeavors, and extends care and support to various causes, including poverty alleviation, assistance to the elderly and orphans, and disaster relief. In doing so, the Company continues to lead by example in the realm of public welfare. In 2023, the Sichuan Yonghao Charity Foundation, established in 2018 by Liu Yonghao, Chairman of New Hope Group, Li Wei, Co-founder of New Hope Group, and Liu Chang, Chairwoman of New Hope Liuhe, participated for the first time in the social organization grading evaluation conducted by the Department of Civil Affairs of Sichuan Province. The foundation received a 4A-level honor and obtained qualifications as a “non-profit organization eligible for charitable donations tax deduction” and “tax-exempt non-profit organization.”

A total of **71** subsidiary companies at home and abroad participated in charitable donations.

External charitable donations amounted to RMB **6.611** million,

including RMB **316** thousand donated overseas

In 2023



Contributions to rural revitalization totaled RMB **4.162** million,

funding for educational welfare was RMB **1.408** million,

and other categories of public welfare reached RMB **728** thousand.

Fostering Brand Philanthropy

New Hope Liuhe demonstrates a profound commitment to societal well-being by actively supporting vulnerable groups. Its initiatives prioritize the welfare of children, students, and residents in remote mountainous regions. Over the years, the Company has cultivated two distinguished philanthropic initiatives, namely the “Warm Winter Action” and the “Hope and Wish Plan,” nurturing them as a testament to its corporate citizenship.

● Warm Winter Action

In October 2023, New Hope Liuhe launched the tenth season of its “Warm Winter Action” in partnership with China Merchants Bank Chengdu Branch, Sichuan Yonghao Charity Foundation, and Sichuan New Hope Dairy Co., Ltd. Together, we delivered essential winter supplies, including ham sausages, sweet corn, and canned luncheon meat, to Sewei Village and its central elementary school in Sewei Town, Xinlong County, Garze Tibetan Autonomous Prefecture, Sichuan Province. These efforts aimed to provide early warmth and care to the Yi ethnic community before winter.

● Hope and Wish Plan

In 2023, New Hope Liuhe initiated the eighth season of the “Hope and Wish Plan.” Engaging its subsidiaries, the Company actively gathered gift wishes from children, which were fulfilled by employees and compassionate individuals across various regions. Ahead of Children’s Day, dozens of volunteers visited seven schools in Sichuan, Shandong, Liaoning, and other provinces, distributing holiday gifts to 1,549 children in remote mountainous areas. This effort helped fulfill the dreams of these children and allowed them to experience a joyous Children’s Day in advance.



Assisting in Disaster Relief Efforts

New Hope Liuhe consistently upholds the principles of humanitarianism. In the wake of natural calamities such as earthquakes and floods, the Company promptly extends assistance, actively supporting disaster relief endeavors, and standing in solidarity with affected communities. It offers material aid and contributes to the reconstruction efforts of disaster-stricken areas, embodying a vision of harmonious coexistence between enterprise and society.

Case Mobilizing Emergency Supplies for Disaster Relief

On February 6, 2023, a sudden 7.8-magnitude earthquake struck Adana Province, Turkey, causing extensive damage to buildings and resulting in a shortage of relief supplies. Responding to requests from the Chinese Embassy in Turkey and the General Chamber of Commerce of Chinese Enterprises in Turkey, New Hope Turkey transformed its premises and factories into an earthquake relief coordination center. It provided support to Chinese rescue teams, Chinese overseas enterprises, and neighboring communities, facilitating the procurement and distribution of essential supplies. The company mobilized its employees to participate in relief efforts, collectively raising approximately 3,000 items weighing over 15 tons of emergency relief supplies.



Case Providing Material and Technical Support in Disaster-Affected Areas

In August 2023, heavy rainfall in parts of Chittagong, Bangladesh, caused floods, disrupting the mobility and daily lives of local residents. New Hope Bangladesh promptly engaged in disaster relief efforts, dispatching multiple employees to visit distressed farming households and distributors in the affected area. The company assessed the situation, provided donations of essential commodities such as instant noodles, biscuits, milk, and fruits, and offered technical assistance to aid in recovery efforts, showcasing its commitment to social responsibility.



Case Supporting Disaster-Affected Areas to Overcome Challenges Together

On December 18, 2023, a 6.2-magnitude earthquake struck Jishishan County, Linxia Prefecture, Gansu Province. New Hope Liuhe swiftly mobilized relief efforts in response to the disaster. It assembled a relief team comprising personnel from the food sector's sales team in the northwest region. On December 20, the relief team expedited the delivery of over 150,000 halal food products, including Yueguizhai chicken sausages and beef sausages, and 240 cans of luncheon meat, produced overnight to the disaster area from Yanggu County, Liaocheng City, Shandong Province. This assistance helped local residents overcome the challenges they faced in the aftermath of the earthquake.



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Key Performance Table

Economic Indicators				
Indicator	Unit	2021	2022	2023
Operating revenue	Billion RMB	126.262	141.508	141.703
Total assets	Billion RMB	132.734	136.679	129.611
Feed sales volume	Million tons	28.24	28.42	28.76
Pig output volume	Million heads	9.9781	14.6139	17.68

Environmental Indicators				
Indicator		Unit	2022	2023
Environmental Management	Total investment in environmental protection	Million RMB	151.18	336.80
	Environmental protection training	Times	110	80
Energy management	Gasoline consumption	Liters	1,996,306	1,620,701.51
	Diesel consumption	Liters	16,328,927	15,223,719.21
	Natural gas consumption	Million cubic meters	184.20	216.4268
	Outsourced electricity	Million kilowatt hours	2040.55	3293.4786
	Outsourced steam	Tons	595,115	626,346.71
	Total energy consumption	Tons of standard coal	533,338.74	793,532.12
	Energy consumption intensity	Tons of standard coal/RMB 10,000 of revenue	0.0377	0.0560
Greenhouse gas emissions	Direct greenhouse gas emissions (Scope 1)	Tons of CO2 equivalent	445,862.90	511,780.24
	Indirect greenhouse gas emissions (Scope 2)	Tons of CO2 equivalent	1,329,400.86	2,029,658.86
	Total greenhouse gas emissions	Tons of CO2 equivalent	1,775,263.75	2,541,439.11
	Greenhouse gas emission intensity	Tons of CO2 equivalent/RMB 10,000 revenue	0.1255	0.1793
Water resource management	Total water intake	Million tons	—	27.3481
	Water intensity for feed processing	Cubic meters/ton	—	65
	Water intensity for pig farming	Cubic meters/head	—	0.81
	Water intensity for slaughtering meat	Cubic meters/head	—	0.41
	Total Discharge Volume	Million tons	—	27.0184
Waste management	Total wastewater treatment volume	Million tons	16.00	30.1113
	Chemical oxygen demand	Tons	157,500	15,877
	Total ammonia nitrogen emissions	Tons	123,237	835.3
	Wastewater recycling rate	%	—	57

Social Indicators						
Indicator		Unit	2022	2023		
Production Safety	Total investment in production safety		Million RMB	89.83	88.8138	
	Total occupational injury rate		%	0.015	0.25	
	Total attendance of safety training		Attendances	879,425	756,983	
Customer Service	Customer complaint resolution rate		%	100	100	
R&D innovation	Total R&D investment		Million RMB	302.13	209.58	
	Number of R&D staff		Persons	1,094	808	
Supply Chain Management	Total number of suppliers		Companies	9,415	5,572	
	Suppliers from the Chinese mainland		Companies	5,303	3,697	
	Number of suppliers undergone annual reviews		Companies	3,854	4,562	
Employees	Total number of employees		Persons	77,328	50,517	
	Gender structure	Male employees		Persons	50,263	38,383
		Female employees		Persons	27,065	12,134
	Age structure	Employees aged 30 and under		Persons	19,641	16,951
		Employees aged 31-50		Persons	46,111	27,897
		Employees over 50 years old		Persons	11,486	5,669
	Academic structure	Employees with a high school education or below		Persons	37,651	19,222
		Employees with college degree		Persons	15,162	13,454
		Employees with bachelor's degree		Persons	20,670	15,103
		Employees with graduate/MBA degree or above		Persons	3,845	2,738
	Regional structure	Chinese mainland employees		Persons	69,097	43,284
		Employees from Hong Kong, Macao and Taiwan of China		Persons	5	0
		Overseas employees		Persons	8,226	7,233
	Employee turnover rate		%	—	33.39	
	Total investment in employee training		Million RMB	—	400	
	Number of employee participating in training		Attendances	—	404,000	
Total training hours for employees		Hours	—	1,610,000		
Public Welfare and Charity	Total charitable donations		Million RMB	9.335	6.611	

Note: Due to significant strategic adjustments at the end of 2023, the Company brought in external strategic investors to its white-feathered poultry and advanced food processing sectors and transferred controlling interests, resulting in a noticeable reduction in the number of employees at the end of the reporting period.

About This Report

The New Hope Liuhe Co., Ltd. 2023 Sustainability Report (hereinafter referred to as “this report”) is the 16th non-financial report publicly released by New Hope Liuhe Co., Ltd.

Definition of Terms

For ease of expression and reading, New Hope Liuhe Co., Ltd. is referred to as “New Hope Liuhe”, “the Company” or “we” in this report. Moreover, the terms “country” and “government” in the report refer to the People’s Republic of China and its administrative bodies.

Timeframe

This report covers the period from January 1, 2023, to December 31, 2023. Some content may be extended beyond this timeframe as deemed appropriate. This report is an annual report.

Reporting Scope

This report focuses on disclosing information and the key performance of New Hope Liuhe regarding its fulfillment of economic, social and environmental responsibilities in 2023.

Reporting Purpose

The Company adopts an open and honest approach in disclosing its philosophies, practices, and key performance regarding sustainable development to its stakeholders, ensuring that key concerns of stakeholders are thoroughly addressed.

Assurance of Accuracy

The Company assures that there are no false records, misleading statements, or significant omissions in the contents of this report, and is responsible for its truthfulness, accuracy, and completeness.

Source of Information

All the data and information presented in this report are derived from the Company’s official documents, statistical reports, and financial statements. Unless otherwise indicated, all monetary amounts mentioned in this report are measured in RMB.

Reporting Principles

This report has been compiled according to the GRI Standards by the Global Sustainability Standards Board, the Shenzhen Stock Exchange’s Guideline No.17 for Listed Companies on Sustainability Reporting (Draft for Comment), the Environmental, Social, and Governance (ESG) Reporting Guide by the Hong Kong Stock Exchange, the national standard Guidance on Social Responsibility Reporting (GB/T 36001-2015), and the United Nations Sustainable Development Goals (SDGs).

Report Access

This report is published in both printed and PDF electronic formats. The electronic version can be accessed and downloaded from the Shenzhen Stock Exchange’s designated information disclosure site, www.cninfo.com.cn, or from the Company’s website at <http://www.newhopeliuhe.com>. If you have any questions or suggestions regarding the report, please reach us via email at 000876@newhope.cn.

Feedback Form

Dear Reader,
Greetings!

We appreciate you taking the time to read the New Hope Liuhe Co., Ltd. 2023 Sustainability Report. To provide more valuable information to you and other stakeholders, and to advance the Company's initiatives in various ESG dimensions, we invite you to share your feedback and suggestions on this report, which is crucial for our ongoing refinement of the report.

Single-Choice Questions (please mark in the corresponding position)

1. How would you rate the report overall?

Excellent Good Average Below Average Poor

2. How does the report address and disclose issues that concern stakeholders?

Excellent Good Average Below Average Poor

3. Does the report provide information, indicators, and data that are clear, accurate, and comprehensive?

Excellent Good Average Below Average Poor

4. Is the arrangement and layout of this report conducive to easy reading?

Yes No

Open Question

What feedback or recommendations do you have for this report?

Your contact information:

Name: _____

Email: _____

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