



2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Fujian Highton Development Co., Ltd.

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About This Report

This is the second Environmental, Social and Governance Report (hereinafter referred to as “this report”) issued by Fujian Highton Development Co., Ltd. (hereinafter referred to as “Highton Development”). In the principles of objectivity, standardization, transparency, and comprehensiveness, this report provides a detailed disclosure of the Company’s practices and performance in environmental, social, and governance for the year 2025.

Reporting Scope

This report takes “Highton Development” as the main body and includes its subsidiary companies. Unless otherwise specified, the scope of this Report is consistent with that of the Company’s annual report.

Reporting Period

This report covers the period from January 1, 2025 to December 31, 2025 (the “Reporting Period”). To improve the comparability and completeness, some sections of this report may be appropriately referred to previous years or contains forward-looking statements. This report is released on an annual basis, consistent with the financial year.

Preparation Basis

- *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Report (for Trial Implementation)*
- *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 - Preparation of Sustainability Report*
- *Guide to Corporate Sustainability Reporting in China (CASS-ESG 6.0)* of the China Enterprise Reform and Development Society
- *2021 Sustainability Reporting Standards (GRI Standards)* of the Global Reporting Initiative
- Sustainable Development Goals (SDGs) of the United Nations

Data Sources

Data sources used in this report include the Company’s actual operational data, publicly available data from government agencies, annual financial data, internal statistical reports, third-party questionnaire surveys, etc. The financial data in this report is expressed in RMB. For any discrepancy between this report and the financial statements, the financial statements shall prevail.

Definition

For the ease of expression and readability, Fujian Highton Development Co., Ltd. and its subsidiaries are referred to as “the Company,” or “We” in this report. Unless specifically indicated, the terminology used here has the same meaning as in the Company’s 2025 Annual Report.

Confirmation and Approval

This report was approved by the Company’s Board of Directors on March 19, 2026, and was subsequently released in conjunction with the Annual Report. The Board pledges to exercise oversight over the contents of this report, ensuring its absence of any false records or misleading representations, and assuming responsibility for its truthfulness, accuracy and completeness.

Access to this Report

This report is available for review and download on the official websites of the Company (<http://fj-highton.com>) and the Shanghai Stock Exchange website (<https://www.sse.com.cn>).



Message from the Chairman

The year 2025 marks the final year of China's 14th Five-Year Plan, the sixteenth year since the establishment of Highton Development, and a pivotal year in which all Highton employees have built on past achievements, driven innovation, and laid a solid foundation for the Company's sustainable development journey.

Looking back over the past sixteen years, the Company has progressed steadily amid the fluctuations of the global economy, consistently viewing the future with a strategic vision and seizing opportunities through pragmatic actions. We firmly believe that an outstanding enterprise is defined not only by its ability to create value and serve the market, but also by its conscious commitment to environmental, social and governance (ESG) responsibilities. Highton Development has deeply integrated ESG principles into all aspects of its operational and management activities, continuously enhancing its overall competitiveness and brand influence in the dry bulk shipping sector.

Deepening ESG Integration to Drive Strategic Development

Creating shared value and advancing strategy in tandem. In 2025, the Company's ESG management evolved from the stage of "establishing mechanisms" to a new phase of "deepening integration". Building on a sound ESG governance framework, we further and systematically incorporated ESG considerations into the Company's investment decision-making and business processes, thereby strengthening strategic resilience and long-term development capability in an increasingly complex environment.

Enhancing the Governance Framework and Strengthening the Foundation of Risk Control

Compliance is the cornerstone, and risk control serves as the shield. The Company remains firmly committed to the core principle of compliant governance, attaching great importance to the soundness of its corporate governance structure and the effectiveness of its internal control system. The Company continues to closely monitor the latest laws and regulations, regulatory and normative documents, as well as industry policies and guidance, and dynamically conducts systematic reviews and revisions of its corporate governance and internal control systems. A continuously improving governance framework and an ever-higher standard of compliant operations provide a solid institutional foundation for the Company to earn the long-term trust of investors and business partners.

Focusing on Green Shipping and Fulfilling Environmental Commitments

Advancing toward sustainability and embracing innovation. The Company actively responds to China's "dual carbon" goals, embedding green and low-carbon principles throughout the entire process of vessel operations and technological innovation. On the basis of strict compliance with international conventions as well as relevant domestic and overseas laws, regulations, and rules, the Company has formulated a range of environmental protection policies and procedures, and has equipped each of its owned vessels with environmental protection facilities such as oily water separators and domestic sewage treatment systems. We closely monitor green technologies aimed at improving vessel operational energy efficiency and actively introduce various energy-saving equipment across our self-operated vessels. Through these efforts, we remain committed to reducing the carbon footprint of our shipping activities and contributing Highton Development's strength to the protection of blue seas and clear skies.

Empowering Employee Growth and Fostering Team Synergy

Talent is our oar, and unity propels us forward. The Company firmly upholds its people philosophy of "Working together as one and leveraging individual strengths; Prioritizing integrity and emphasizing performance", and translates a people-oriented approach into concrete practice. By cultivating a proactive and progressive corporate culture, fostering an open and collaborative working environment, establishing diverse internal and external communication platforms, and building a comprehensive talent development and promotion system—together with equity incentive plans—the Company has created a solid pathway for Highton employees to advance and grow. We are committed to supporting the development of every Highton employee, providing a stage for every breakthrough, and enabling individual talent to resonate in step with the Company's strategy, as we jointly reach new heights.

Riding the long winds, we will one day break the waves and set our sails high to cross the vast seas. Looking ahead, Highton Development will continue to uphold its mission of "Aiming at the ocean, making China's shipping business better and stronger", carry forward the corporate spirit of "Sea in mind, Determined to win", and remain committed to both sound governance and green development. With unwavering dedication, the Company will strive to create long-term value and pursue its vision of "Majoring in shipping, we aims to expand the shipping industry chain and build a well-known international shipping brand".

Fujian Highton Development Co., Ltd.
Chairman: Zeng Erbin



About Highton Development

Company Profile

Fujian Highton Development Co., Ltd. was established in March 2009. Since its establishment, it has always focused on engaging in domestic coastal and international ocean dry bulk shipping business. After years of accumulation, the company has developed into one of the enterprises with strong market competitiveness in the domestic private dry bulk shipping industry. On March 29, 2023, Highton Development was listed on the Shanghai Stock Exchange, with the securities abbreviated as "Highton Development" and coded as "603162".

The Company is a member of the "China Coastal (Dry Bulk) Freight Index Compilation Committee" of the Shanghai Shipping Exchange and has been awarded honors by the Pingtan Comprehensive Experimental Zone Administrative Committee of Fujian Province, including the "Advanced Collective for Contributions to the Open Development of Pingtan Comprehensive Experimental Zone" and "Outstanding Private Enterprise".

The Company deeply delves into the field of dry bulk shipping, with the corporate mission of "Aiming at the ocean, making China's shipping business better and stronger". Adhering to the corporate spirit that "Sea in mind, Determined to win", the Company has established the values of "Struggle, Responsibility, Collaboration, Innovation". It persists in maintaining the standards while simultaneously improving, ensuring safety and enhancing efficiency. Meanwhile, the Company actively integrates into the customer value chain and strives to create value for customers. With unremitting efforts, the Company aims to achieve the vision of "Majoring in shipping, we aims to expand the shipping industry chain and build a well-known international shipping brand".



Ranked among the Top 100 Private Enterprises in Fujian Province in 2025



Business Overview

The Company continuously enhances its shipping capacity and actively expands operations across all vessel types. It has acquired Panamax and Capesize dry bulk vessels, as well as multipurpose heavy-lift vessels to expand its capabilities in high-end equipment and oversized cargo shipping. The Company has now become an owner of a full range of dry bulk vessels with the Supramax type as its core.

In 2025, the Company added **18** vessels through new purchases and bareboat charters to increase the shipping capacity. As of the end of the Reporting Period, **16** of these vessels had been delivered. Once all deliveries are completed, the Company had **13** long-term chartered dry bulk vessels (with a charter period of one year or more), **61** self-operated dry bulk vessels, **4** multipurpose heavy-lift vessels, and **3** oil tankers, bringing the total controlled capacity to **5.02** million DWT. The shipping capacity ranks among the top in China's dry bulk shipping industry.

Leveraging excellent shipping capabilities, refined cost management, and efficient, responsive customer service, the Company has established long-term and stable partnerships with numerous well-known domestic and international enterprises. At the same time, the Company has accumulated extensive experience in vessel management, route planning, and customer development and maintenance, forming a professional team with strong competitive capabilities.

The Company primarily transports coal and has become one of the leading private shipping enterprises in terms of service capacity on inland routes from the Bohai Bay area to Yangtze River ports. At the same time, it is actively expanding its transportation services for other dry bulk commodities, such as ores and water-slags.



In alignment with China's "Belt and Road" Initiative, the Company actively expands its global dry bulk shipping operations. Its routes cover over 350 ports across more than 100 countries and regions, providing clients with maritime transportation services for a wide range of cargoes, including ores, coal, grains, fertilizers, and general cargo.



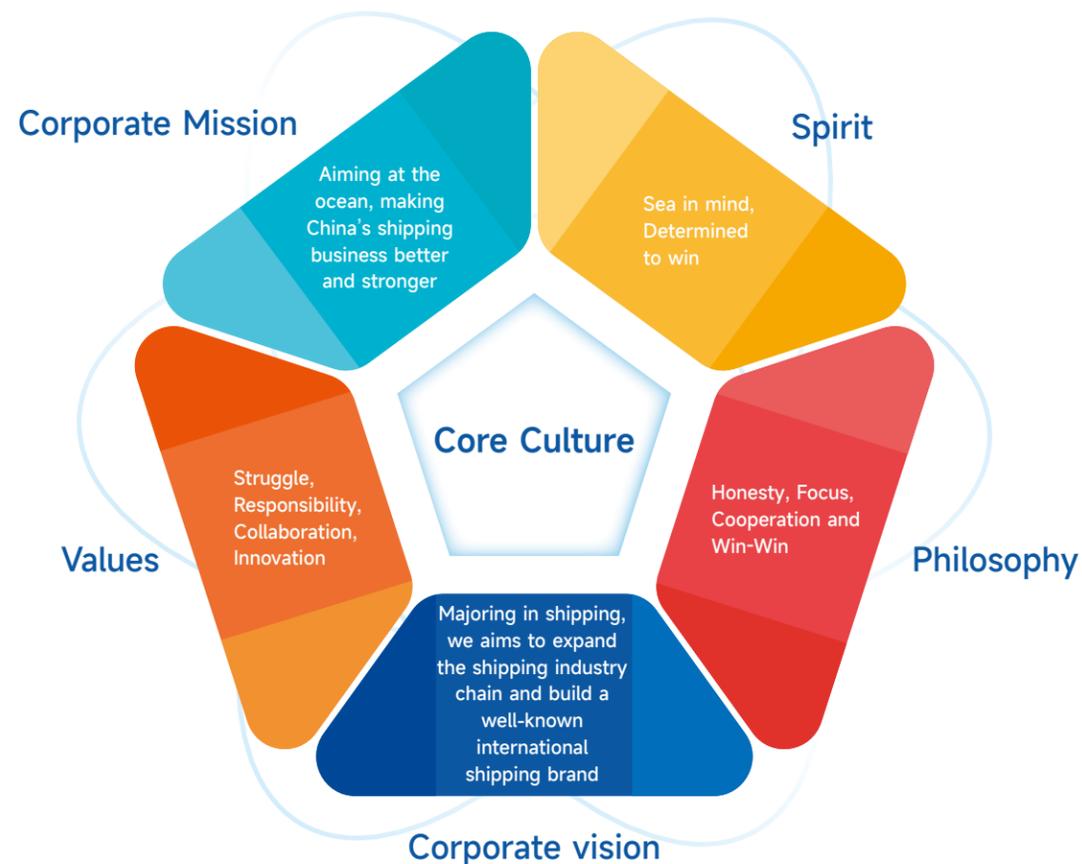
Strategy and Culture

Development Strategy

The Company upholds the vision of “Majoring in shipping, we aims to expand the shipping industry chain and build a well-known international shipping brand” and adheres to the corporate mission of “Aiming at the ocean, making China’s shipping business better and stronger”. Guided by the values of “Struggle, Responsibility, Collaboration, Innovation”, the Company follows a steady and sustainable business model to continuously consolidate and expand its high-quality client base, strengthen and refine its core business, and consistently create value for its customers.

The Company will continue to focus on the dry bulk shipping sector, with Supramax vessels as its core, expanding shipping capacity as appropriate and actively developing operations across all vessel types. It will accelerate the development of multi-dimensional service capabilities along the shipping industry chain, including vessel operations and bunkering services, with the aim of building a resource-management-oriented shipping platform.

In the future, the Company will continue to advance its digital and intelligent transformation by introducing artificial intelligence and implementing local deployment of large models. It will actively explore applications in business management and collaborative office scenarios, providing powerful information integration and intelligent decision-support tools for vessel management and operations. By fully empowering daily work, the Company aims to deliver efficient and precise intelligent services, striving to build a “full-chain smart shipping ecosystem”.



Milestones

- 2009** ● Fujian Highton Development Co., Ltd. was established.
- 2011** ● The 51,000 DWT vessel construction contract came into effect.
- 2012** ● Launch of the corporate culture development initiative.
- 2013** ● MV XIN HAI TONG 1, 2, and 3 commenced operations.
- 2014** ● MV XIN HAI TONG 5 commenced operations.
MV XIN HAI TONG 6 and 7 commenced operations.
MV XIN HAI TONG 8 commenced operations.
- 2015** ● Highton Development was listed on the National Equities Exchange and Quotations (NEEQ, also known as the New Third Board).
- 2016** ● The Company’s official name was changed from “Fuzhou Highton Development Co., Ltd.” to “Fujian Highton Development Co., Ltd.”
HAI YANG ZHI YUAN commenced operations.
MV XIN HAI TONG 19 commenced operations.
- 2017** ● MV XIN HAI TONG 9 and 10 commenced operations.
- 2019** ● MV XIN HAI TONG 15 and 16 commenced operations.
- 2020** ● MV XIN HAI TONG 17, 18, 20, 21 and 22 commenced operations.
- 2021** ● MV XIN HAI TONG 23, 25, 26, 27 and 28 commenced operations.
- 2023** ● Listed on the Main Board of the Shanghai Stock Exchange
MV XIN HAI TONG 29, 30, 31, 32, 33, 35, 36, 37 and 38 commenced operations.
- 2024** ● MV XIN HAI TONG 39, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 801, 802, 803, 805, 901 and 902 commenced operations.
- 2025** ● MV XIN HAI TONG 61, 62, 63, 65, 66, 806, 807, 808, 809, 810, 811, 812, 501, 505, 903 and 905 commenced operations.



Key Events of 2025

January 2025

- The 2024 year-end summary and 2025 annual planning conference concluded successfully

February 2025

- Two new 180,000 DWT Capesize vessels were added to the fleet

March 2025

- Participated in the 2025 World Breakbulk Expo (WBX) in Shanghai

May 2025

- The Company made its debut at the world's premier maritime logistics event, the Breakbulk Europe (BBK)

June 2025

- Highton Development "Navigating Together, Embarking on a Shared Journey" Corporate Culture Day

August 2025

- The 2025 Drybulk Shipping Market Convention & Vessel Visit was successfully held
- The first multipurpose general cargo vessel, MV XIN HAI TONG 501, joined the Highton Development fleet, marking the Company's official entry into multipurpose general cargo vessel operations

November 2025

- Highton Development's application for the issuance of shares to specific investors was approved by the Shanghai Stock Exchange

Honors and Awards

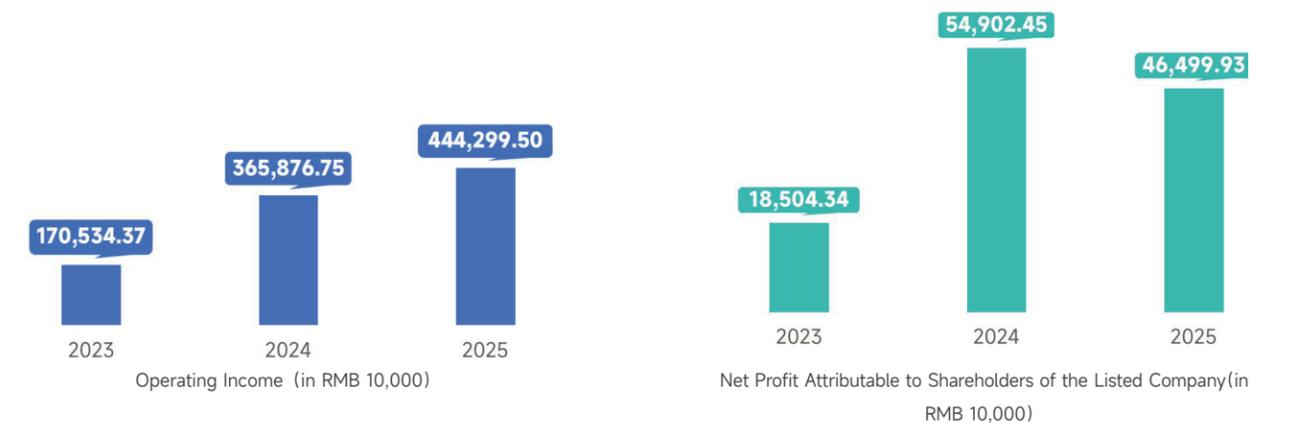


Key Sustainable Development Performance in 2025

Highton Development continues to uphold its commitment to sustainable development, achieving significant progress in the environmental, social, and governance (ESG) areas through the dual drivers of refined operations and digital-intelligent transformation. In 2025, the Company's Wind ESG rating was upgraded to "A", fully reflecting its effectiveness in sustainable development management and practices.



In 2025, the Company continued to leverage its strengths and fulfill its social responsibilities, making sustained contributions in the economic, environmental, social, and governance dimensions, thereby supporting a sustainable future.





Environmental Performance

Total Environmental Investment

4,137.41 in RMB 10,000

Total Direct Energy Consumption

347,422.38 tce

Total Indirect Energy Consumption

135.39 tce

Total Energy Consumption

347,557.77 tce

Energy Consumption Intensity

78.23 tce/RMB 1 million (revenue)

Direct GHG Emissions (Scope 1)

771,010.72 tCO₂e

Indirect GHG Emissions (Scope 2)

591.12 tCO₂e

Total GHG Emissions

771,778.22 tCO₂e

GHG Emission Intensity

173.71 tCO₂e/RMB 1 million (revenue)

Governance Performance

Total Number of General Meetings of Shareholders Held

6 Times

Number of Meetings of Board of Directors Held

18 Times

Number of Meetings of Specialized Committees Held

14 Times

Performance Exchange Meeting

5 Times

Social Performance

Total Number of Employees

368 Person

Investment in Employee Training

37.91 in RMB 10,000

Staff Training Hours

8,586 Hour

Employee Training Participants

3,944 Training participants

Employee Training Coverage Rate

100%

Percentage of Contract Workers

100%

Investment in Work Safety

18,632.34 in RMB 10,000

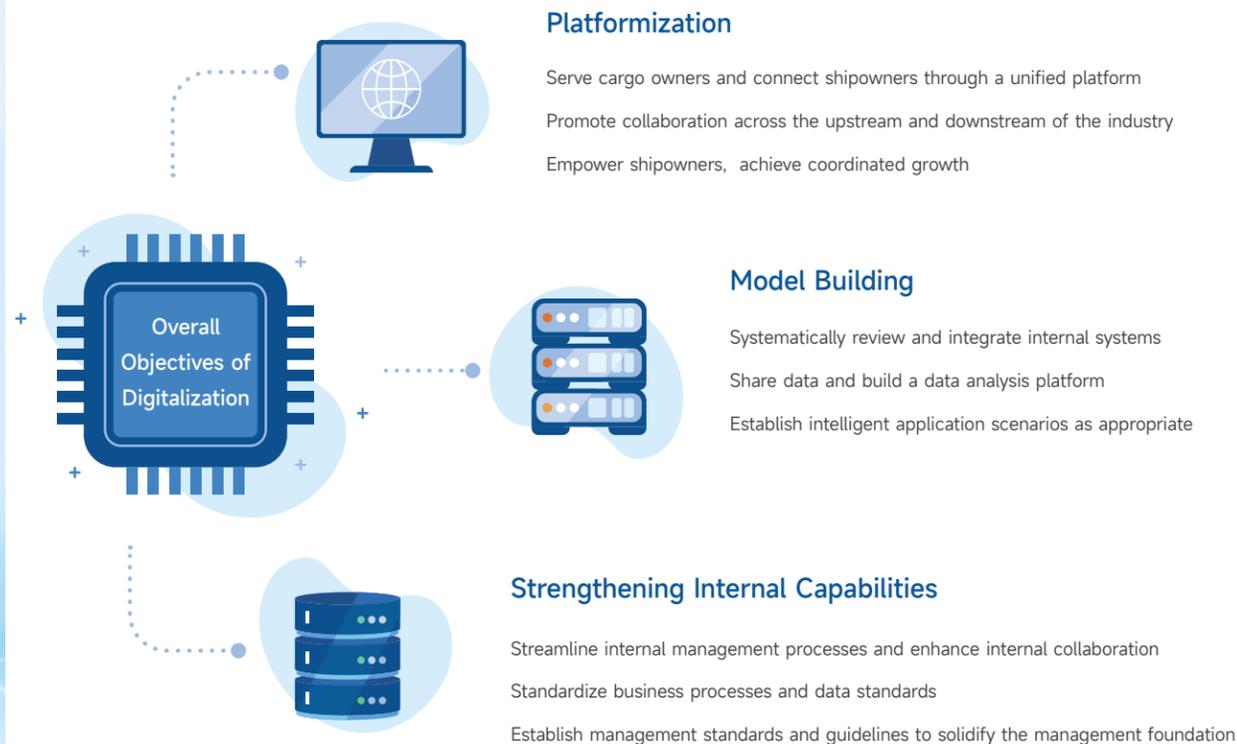


Digital and Intelligent Leadership, Smart Shipping Across the Seas

Against the backdrop of the accelerating digital transformation of the global shipping industry, data-driven management and process optimization have become critical to enhancing operational efficiency. Guided by the Company's medium-term strategic development objectives, Highton Development is systematically advancing its digital transformation initiatives. By building an integrated decision-support and analytics platform, optimizing business systems such as fuel management, and exploring platform-based services, the Company is progressively realizing the integration of business and finance as well as upstream and downstream collaboration, with the aim of enhancing refined management capabilities and data-driven decision-making.

Digital Strategy Vision

The Company integrates the development of its digital systems with its overall corporate strategy, taking "digital transformation and upgrading" as the foundational guiding principle and implementing the action framework centered on "data as a production factor". It continues to deepen the development of information systems, promotes comprehensive business intelligence and efficient, digitalized management, thereby enhancing management effectiveness and optimizing resource allocation. Through information platforms, the Company serves its customers and empowers its partners, while internally improving operational and management capabilities and externally strengthening collaborative operations with upstream and downstream partners, with the goal of building a closely connected and highly efficient value-chain ecosystem.



Phased Objectives of Digitalization

Establish financial systems, human resources systems, bank-enterprise settlement systems, domestic-shipping systems, foreign-shipping systems, and analysing systems.

Foundation
2019-2023

Improve business and management processes; Introduce intelligent application scenarios as appropriate to empower business operations; Enhance data dimensions.

Enhancement
2025-2026

2024-2025

Integration

Introduce standardized data and integrate shared data; Optimize business data and data coupling, upgrade and iterate systems; Establish information standards and integrate systems.

In the future

Deepening

Deepen the application of business scenarios; Mature intelligent application scenarios to improve efficiency and reduce costs.

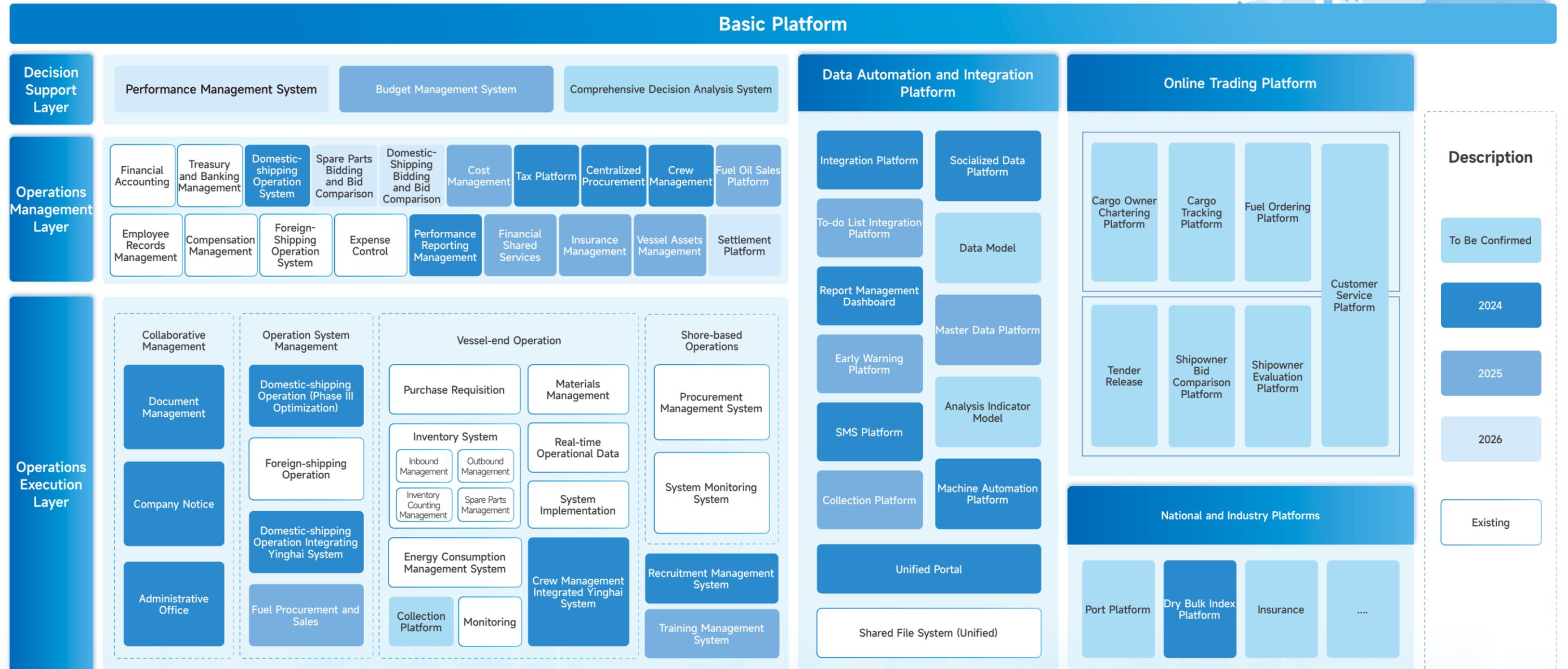




Advancing a Multi-System Deployment

The Company is committed to building a comprehensive shipping digital ecosystem grounded in digitalization and intelligence, covering areas such as vessel operations, cargo chartering, and bunkering services. Through this approach, the Company aims to optimize business operations and enhance the overall efficiency of integrated management functions, including human resources and financial systems.

System Development and Timeline Distribution





Building on its core dry bulk shipping business, the Company focuses on an integrated approach that enhances internal management and delivers services to cargo owners. Through a combination of external partnerships to develop information platforms and the construction of proprietary platforms, the Company continuously optimizes its business management systems, strengthens its data-driven capabilities, and provides robust support for the achievement of its strategic objectives.



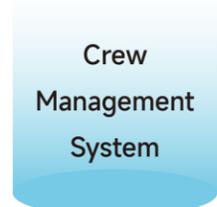
Digital Empowerment of Business Development

The Company continuously promotes the deep application and collaborative integration of key business operations. In 2025, multiple new digital system platforms were introduced to empower business management, effectively transforming the digital infrastructure into tangible business momentum.



Achieving Digital Management Across the Vessel Lifecycle

To enhance ship-shore collaboration efficiency, the Company, in partnership with COSCO SHIPPING Technology Co., Ltd., developed a Vessel Management System. By 2025, the system had been deployed on 60 self-operated vessels. It covers key functions including basic management, safety management, energy efficiency management, system management, vessel repairs, and spare parts procurement. The system provides end-to-end coverage—from fundamental administration to energy efficiency monitoring, from fuel and lubricant control to spare parts traceability—enabling interactive ship-shore management and significantly advancing vessel operations toward greater precision and digitalization.



Establishing a Closed-Loop Crew Management Framework

Through the joint development of shared crew pool and a digital management platform to comprehensively manage and update in real time crew members' basic information, work history, certifications, training records, and onboarding/offboarding evaluations. The system supports full lifecycle management of certifications, including registration, renewal, expiry alerts, and automatic updates, ensuring continuous compliance of crew qualifications. Additionally, by integrating multi-dimensional evaluations with actual attendance data, the system enables precise payroll calculation and performance feedback, providing a solid data foundation for crew career development and the Company's talent reserve.



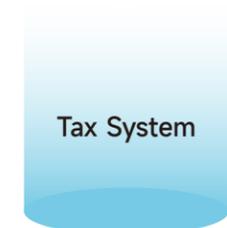
Enabling Precision Services and Cross-Department Collaboration

Establish a unified customer management framework that fully records service processes and customer needs, categorizes customer attributes, and maps detailed customer profiles. Based on shared customer records, the system strengthens cross-departmental business collaboration and, by conducting identity verification through the national business database, grading service customers, and analysis of potential customer conversion value, provides a foundational reference for differentiated business strategies. It continuously refines customer profiles, enhancing service value and fostering stronger customer engagement.



Promoting Efficient Integration of Industry Chain Resources

Leveraging the Bidding System, the Company expands its shipping capacity resources and establishes win-win partnerships with downstream capacity suppliers. The system manages the entire process from capacity bidding to carrier evaluation, helping to select high-quality partners, efficiently activate surplus downstream capacity, and enhance industry chain collaboration. Together, these efforts ensure stable and reliable transportation services for customers while building a mutually beneficial ecosystem.



Building an Integrated Digital Ecosystem for Business, Finance, and Taxation

As the first company in Pingtan to develop a precise, empowerment-oriented corporate tax file management system, the Company leverages a data platform to integrate Domestic-Shipping Operation System, Vessel Management System, and Crew Management System. Following the review and approval of operating transactions, this integration enables automated financial posting and tax invoice issuance, real-time tracking of invoice status for procurement activities in the Vessel and Crew Management Systems, automatic verification of procurement invoices, and multi-company tax invoice analysis. Together, these functions create an integrated digital ecosystem for business, finance, and taxation, enhancing overall operational efficiency.

Industry Exchange and Collaborative Development

The Company places great importance on learning from the digitalization best practices of industry-leading enterprises. Through technological exploration and collaboration, it strengthens its own digitalization capabilities.

Learning, Exchange, and Exploration

Leveraging the disciplinary strengths of Quanzhou Vocational and Technical University (QVTU), the Company has conducted preliminary explorations in the application of large data models in the fueling sector. Drawing on the QVTU's industry-research advantages, a new research topic has been developed to analyze optimal procurement timing in fueling business scenarios using data models.

Industry Visits and Exchanges

By organizing in-depth exchanges with companies such as COSCO SHIPPING Specialized, Longking, and Transsion Holdings, the Company systematically absorbs industry-leading digitalization practices, providing a solid foundation for business innovation and process optimization. During these interactions, emphasis is placed on deeply integrating external experiences with the Company's own scenarios to ensure efficient knowledge transfer and practical application. This approach not only significantly enhances the team's technical capabilities and project efficiency, accelerating the digital transformation process, but also lays the groundwork for continuous innovation and strengthened market competitiveness.



Sound Governance and Compliance as the Foundation

Highton Development consistently integrates the concept of sustainable development into its corporate governance framework. Centered on the Board of Directors, the Company has established a decision-making system with clear responsibilities and high transparency and efficiency. By strengthening integrity management and deepening risk control through key initiatives, it builds a robust foundation for sustainable development.

Governance for Sustainable Development

Corporate Governance

Protection of Investors' Rights and Interests

Compliance and Risk Management

Business Behaviors





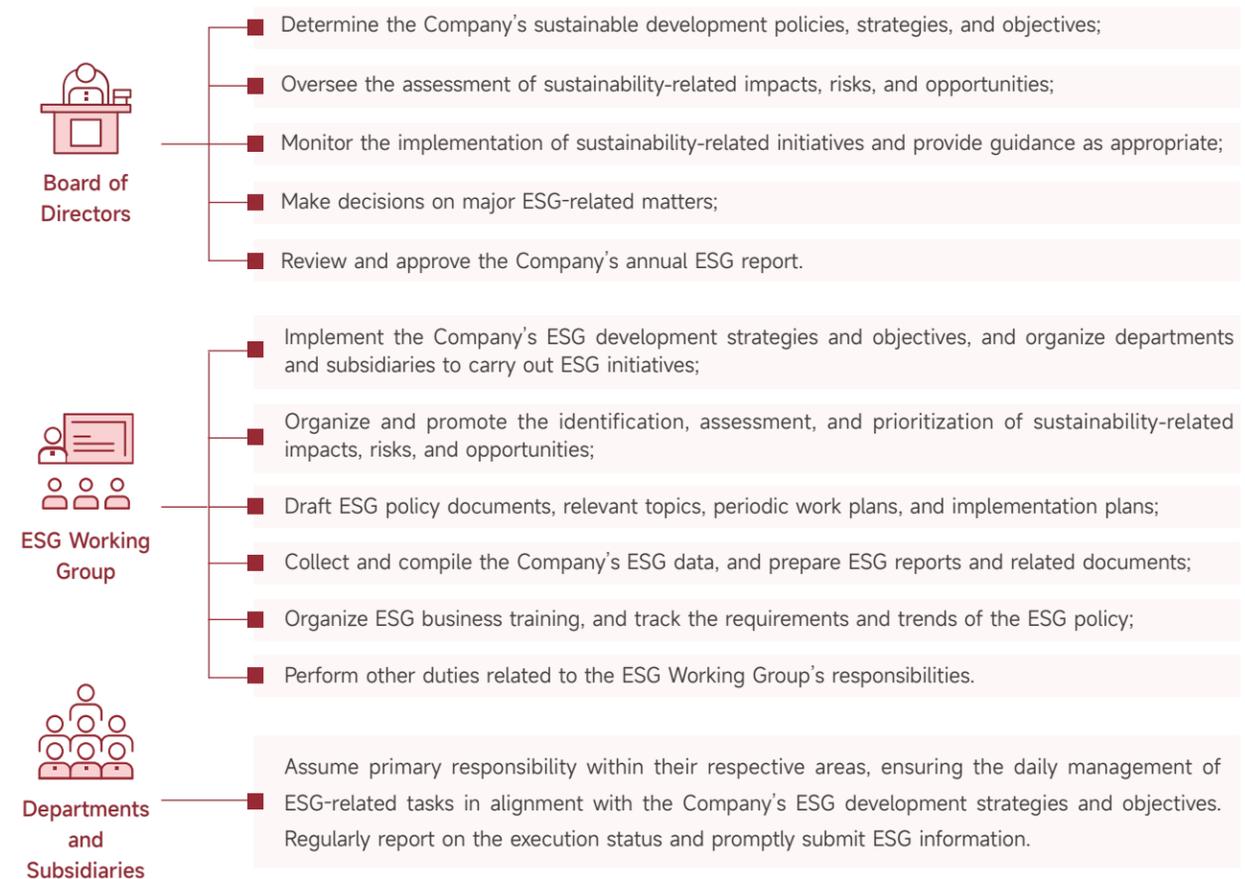
Governance for Sustainable Development

ESG Management

In response to global sustainable development trends, the Company proactively aligns with relevant laws and regulations, continuously optimizing its ESG governance framework. The ESG concept is comprehensively integrated into the Company's development strategy and all aspects of its operations.

In 2025, the Company further advanced its ESG management efforts and continued to improve its sustainable development governance system by formulating and issuing the *ESG Management Policy*. The policy establishes a three-tier ESG governance structure: the Board of Directors as the highest leadership and decision-making body, the ESG Working Group (led by the Company's General Manager) as the coordination and execution support layer, and various departments and subsidiaries as the implementing units. This structure clarifies roles and responsibilities within ESG governance, laying a solid foundation for the Company's long-term, stable, and sustainable development.

Highton Development ESG Governance Framework



The Company actively conducts ESG training by combining external and internal training methods to enhance the understanding of ESG among relevant personnel.



Internal ESG Training

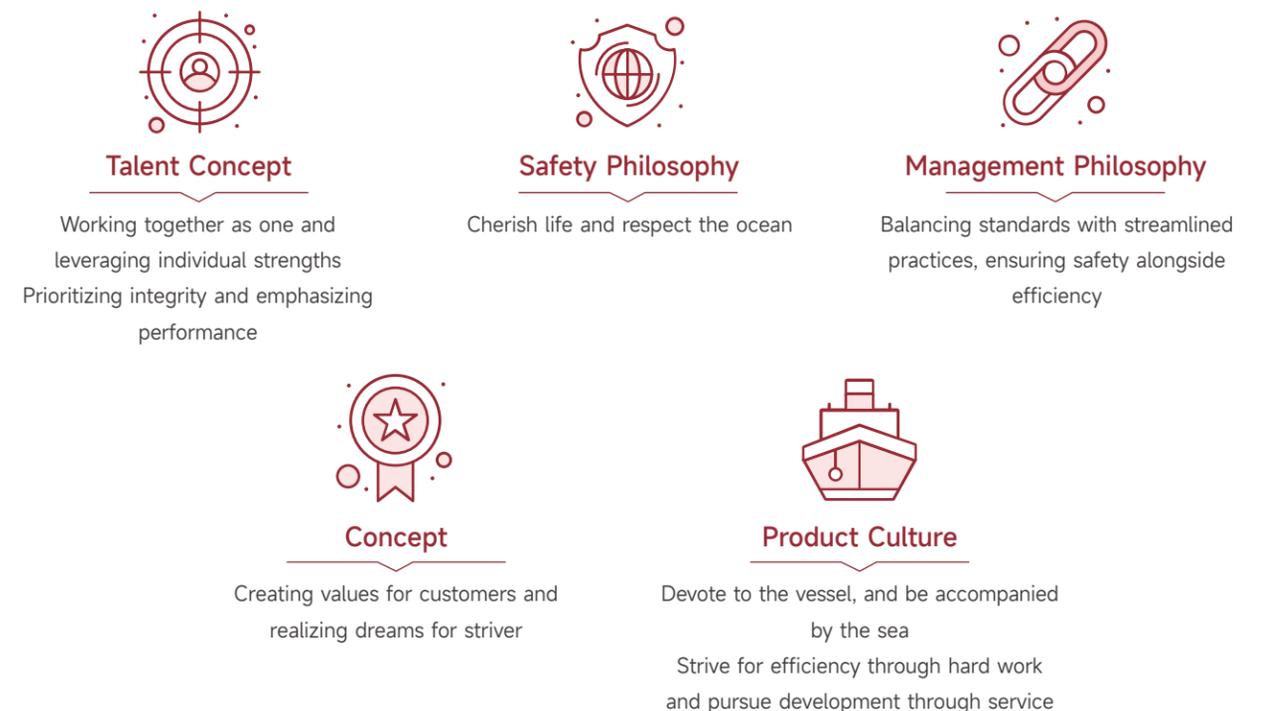
Participation in Listed Companies' Sustainability (ESG) Reporting Training



In 2025, personnel from the Company's Securities Investment Department attended the "High-Quality Development Training Series for Listed Companies – Sustainability (ESG) Reporting" held by the Shanghai Stock Exchange (SSE) in Qingdao. By participating in this training, the Securities Investment Department staff further deepened their understanding of the core requirements and latest developments in ESG information disclosure, helping to enhance the quality of the Company's ESG reporting.

Sustainable Development Philosophy

The Company integrates the United Nations 2030 Sustainable Development Goals (SDGs) into its development strategy, adhering to the principles of sustainable management. By focusing on key areas and implementing targeted measures, the Company strives to comprehensively enhance the quality and effectiveness of its ESG initiatives.





SDGs	Response Measures
	<ul style="list-style-type: none"> Serve the supply chains along the "Belt and Road" initiative by providing maritime transportation services for ores, coal, grain, fertilizers, and general cargo, contributing to national food and energy security. Donate to and support maritime universities by establishing dedicated scholarships, promoting public welfare initiatives.
	<ul style="list-style-type: none"> The Company actively responds to climate action, adhering to the <i>Paris Agreement</i> and the IMO's emission reduction strategies. Through measures such as technological upgrades and operational optimization—including shore power retrofits and the installation of energy-saving devices—it explores and promotes the use of clean energy, enhances vessel energy efficiency, and advances the maritime industry toward a green transition. The Company places great importance on marine biodiversity protection, strictly managing ballast water to prevent biological invasions, strengthening oil spillage emergency response capabilities, and optimizing vessel coatings to avoid the discharge of harmful substances. These measures minimize the impact of operational activities on marine ecosystems, actively fulfilling the Company's responsibility for marine ecological conservation.
	<ul style="list-style-type: none"> The Company has established and continuously improved its employee training system, formulated training management policies, flexibly implemented both online and offline training programs, developed a professional instructor team, and introduced a mentorship system to comprehensively promote employee growth and development. Guided by capability and performance, the Company provides equal employment opportunities, promotes gender equality in the workplace, and fosters a fairer, more respectful, and more inclusive working environment. The Company adheres to the principles of fairness and impartiality in recruitment, builds a diverse talent pool, safeguards employees' democratic rights, and effectively protects their legitimate rights and interests.
	<ul style="list-style-type: none"> The Company actively promotes digital transformation by developing intelligent shipping management systems, integrated decision-making and analytics platforms, optimizing business processes, and establishing service platforms. These initiatives drive business innovation and development while enhancing core competitiveness. Through digital initiatives, the Company promotes the use of electronic documents, reducing paper consumption, optimizing transportation efficiency, lowering carbon emissions, and advancing green shipping. The Company has established a scientific compensation and performance system to ensure fair and reasonable remuneration, provide clear promotion pathways, and foster the development of outstanding talent.
	<ul style="list-style-type: none"> Adhering to the management philosophy of "combining standardization with lean practices, and pursuing safety alongside efficiency", the Company has established an anti-corruption compliance system to uphold fair competition, laying a solid foundation for building a strong and just organization. Through refined supply chain management, the Company has established a supplier evaluation and classification mechanism, creating a fair and transparent collaboration framework and treating small and medium-sized enterprises equitably. This ensures an efficient, safe, and stable supply chain. By working hand in hand with partners, the Company fosters a business ecosystem grounded in peace and justice, co-creating value and sharing benefits.

Communications with Stakeholders

The Company consistently places a high priority on communications with stakeholders, striving to establish a diversified communication mechanism. It actively monitors and promptly responds to the concerns and demands of various stakeholders. By deepening collaborative efforts with all stakeholders, the Company fosters a unified force for development, jointly advancing sustainable corporate growth and achieving mutually beneficial outcomes.

Stakeholders	Key Areas of Concern	Company Response
<p>Government/ Regulatory Agencies</p>	<p>Lawful Tax payment Employment Promotion Compliant Operations</p>	<p>Comply with Laws and Regulations Fulfill Tax Obligations Improve the Remuneration System Integrity Management</p>
<p>Shareholders</p>	<p>Returns to Shareholders Information Disclosure Stable Operations Compliant Operations</p>	<p>Improve Business Quality and Efficiency Disclose Information Regularly</p>
<p>Employees</p>	<p>Protection of Basic Rights Health and Safety Career Development Crew Care</p>	<p>Ensure Fair Compensation and Benefits Enhance the Safety Management System</p>
<p>Communities</p>	<p>Community Contribution</p>	<p>Organize Volunteer Activities</p>
<p>Customers</p>	<p>Safe and Efficient Services Enhanced Transportation Capacity</p>	<p>Customer Service Management Ensure Cargo Safety</p>
<p>Suppliers</p>	<p>Win-Win Cooperation Fair Competition</p>	<p>Responsible Procurement Supplier Management</p>
<p>Public and Media</p>	<p>Information Transparency Public Welfare and Charity</p>	<p>Annual Reports Public Welfare Donations</p>



Analysis of Material Topics

In 2025, the Company conducted a materiality analysis of ESG topics. Following relevant guidelines and reporting standards, the Company carried out and updated the materiality analysis through the following steps:

Learning about the Company's Activities and Background	We continuously monitor the effectiveness of ESG practices, taking into account national policy directions, industry trends, and the Company's strategic layout. We systematically assess the key sustainability issues the Company faces, conduct in-depth analyses of internal operations, business relationships, and the external development environment, and accurately identify core stakeholder groups and their areas of influence.
Establishing a List of Topics	We carefully study relevant laws, regulations, and benchmarking research. Using the 21 topics outlined in the <i>Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Report (for Trial Implementation)</i> as a foundation, and based on the Company's fundamentals and industry practices, while also considering external public opinion analysis and expert recommendations, the Company finalized a list of 24 material topics in 2025.
Stakeholder Engagement and Topic Materiality Assessment	We identified and assessed the material topics, and developed a materiality matrix based on two dimensions: impact materiality and financial materiality. Through the 2025 stakeholder survey, the Company referenced external stakeholders' assessments of the impact materiality of each topic, and combined them with internal stakeholder feedback to analyze and evaluate the impact materiality of each material topic, ultimately deriving a comprehensive impact materiality assessment. Financial materiality was evaluated through internal stakeholder scoring, taking into account the likelihood of risks and opportunities occurring and the extent of their financial impact to judge and score each material topic.
Topic Report	The results of the topic materiality assessment are summarized in the form of a matrix diagram.

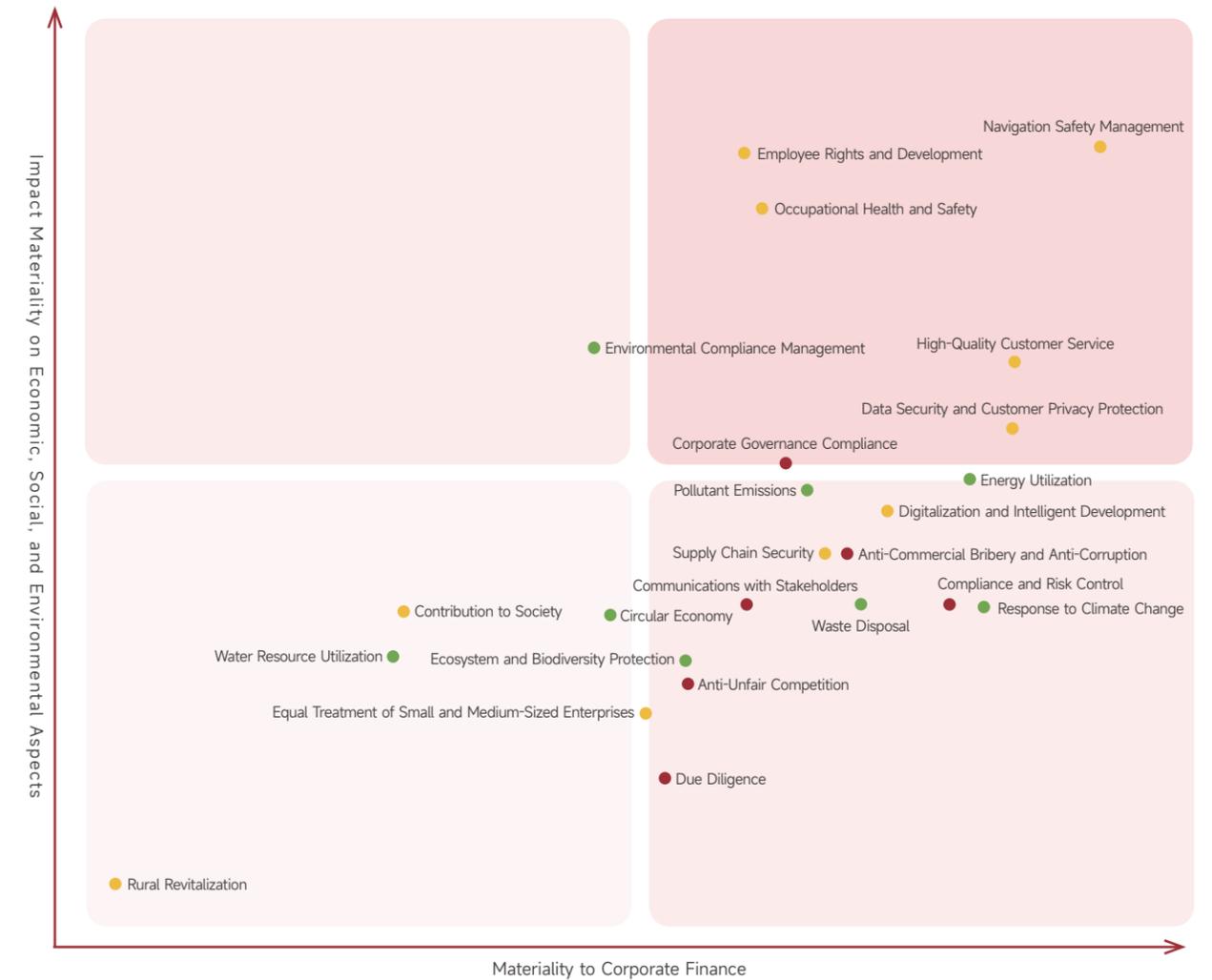
In 2025, the Company, drawing on industry practices, added "Digitalization and Intelligent Development" as a material topic and merged protection of shareholders' rights and interests and ESG governance-related content into the "Corporate Governance Compliance" topic. The results of the materiality analysis are as follows:

Statement of Materiality	Topics
Dual Material Topics	Navigation Safety Management, High-Quality Customer Service, Data Security and Customer Privacy Protection
Financial Material Topics	Energy Utilization, Response to Climate Change, Waste Disposal, Digitalization and Intelligent Development, Compliance and Risk Control
Impact Material Topics	Environmental Compliance Management, Employee Rights and Development, Occupational Health and Safety, Corporate Governance Compliance
Issues of Low Importance	Circular Economy, Water Resource Utilization, Pollutant Emissions, Ecosystem and Biodiversity Protection, Supply Chain Security, Equal Treatment of Small and Medium-Sized Enterprises, Contribution to Society, Rural Revitalization, Anti-Commercial Bribery and Anti-Corruption, Anti-Unfair Competition, Communications with Stakeholders, Due Diligence
N/A Topics	Technology Ethics (the Company's business scope does not involve scientific research, technology development, or other activities sensitive to technology ethics, such as life sciences and artificial intelligence)

Note:

- Dual materiality topics refer to those of both financial materiality and impact materiality.
- Financial materiality topics refer to those of financial materiality only. Financial materiality refers to whether the corresponding topic is expected to have a significant impact on the Company's business model, business operations, development strategy, financial position, operation results, cash flows, financing methods and costs in the short, medium and long term.
- Impact materiality topics refer to those of impact materiality only. Impact materiality refers to whether the Company's performance on the respective topic will have an actual or potentially significant impact on the economy, society and the environment.

Matrix of Material Topics



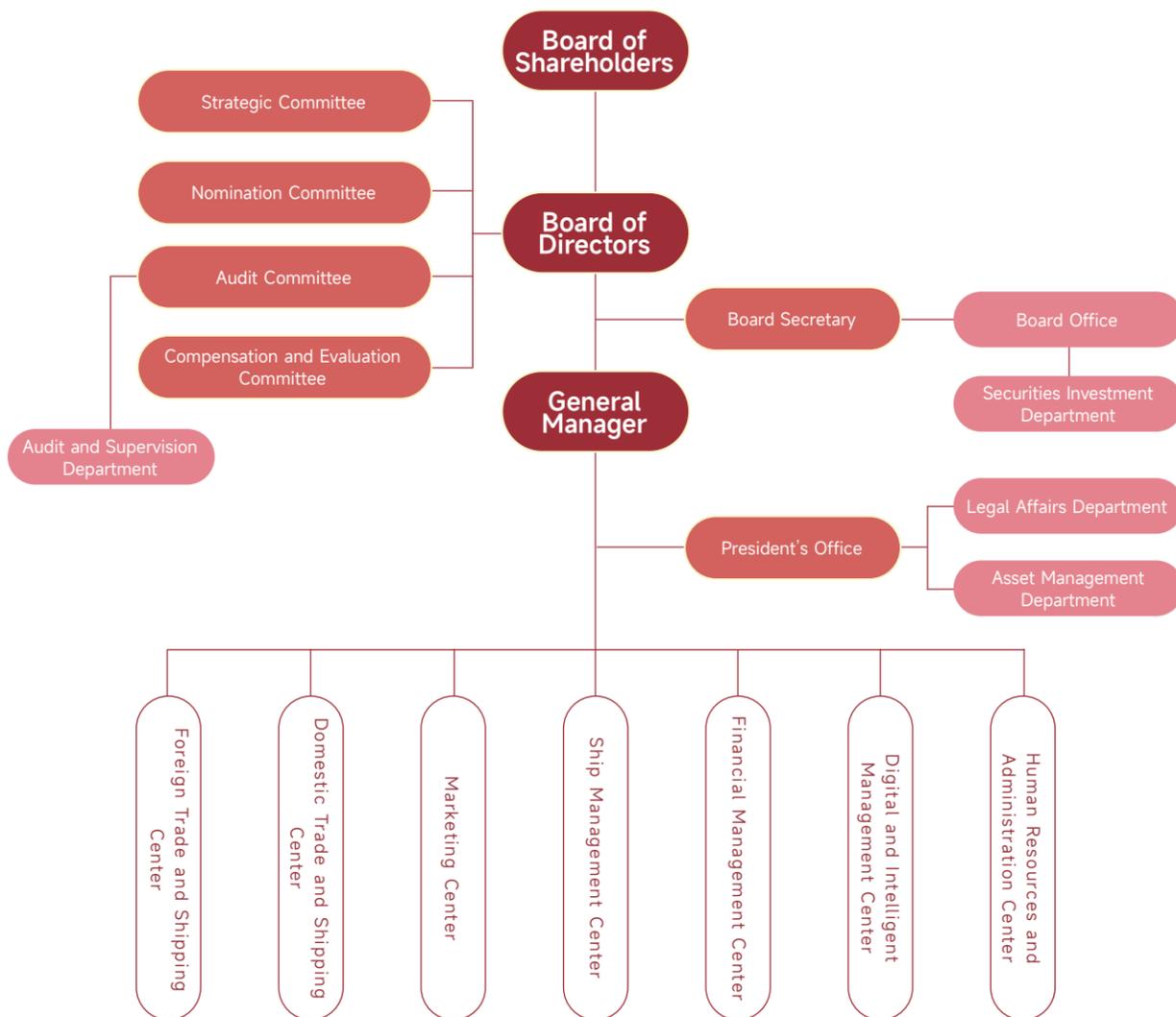
<ul style="list-style-type: none"> Environmental Compliance Management Energy Utilization Response to Climate Change Circular Economy Water Resource Utilization Pollutant Emissions Waste Disposal Ecosystem and Biodiversity Protection 	<ul style="list-style-type: none"> Employee Rights and Development Occupational Health and Safety Navigation Safety Management High-Quality Customer Service Data Security and Customer Privacy Protection Digitalization and Intelligent Development Supply Chain Security Equal Treatment of Small and Medium-Sized Enterprises Contribution to Society Rural Revitalization 	<ul style="list-style-type: none"> Corporate Governance Compliance Anti-Commercial Bribery and Anti-Corruption Anti-Unfair Competition Compliance and Risk Control Communications with Stakeholders Due Diligence
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Corporate Governance

Governance Framework

The Company strictly complies with relevant laws and regulations, including the *Company Law of the People's Republic of China* and the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation*. It has established a Board of Shareholders and a Board of Directors, forming an internal governance structure characterized by clear division of responsibilities, effective checks and balances, scientific decision-making, and coordinated operations. This structure ensures lawful and compliant operations, timely and accurate information disclosure, and standardized and effective internal controls, effectively safeguarding the interests of the Company and its investors.



Highton Development Organizational Structure

Board of Shareholders

The Company convenes and holds general meetings of shareholders in strict accordance with the *Shanghai Stock Exchange Listing Rules*, the *Articles of Association*, and the *Rules of Procedure for Board of Shareholders*. It treats all shareholders equally, ensuring that all shareholders, particularly minority shareholders, enjoy equal status and rights.

Key Performance

In 2025, the Company held a total of **6** general meetings of shareholders, including **1** annual shareholders' meeting and **5** special meeting of shareholders, during which **28** proposals were reviewed and approved.

Board of Directors

As the Company's decision-making body, the Board of Directors performs its duties in accordance with relevant laws and regulations and the *Articles of Association*, focusing on the Company's development strategy and faithfully fulfilling the responsibilities of Board of Directors entrusted by shareholders. The Board of Directors has established an Audit Committee, a Nomination Committee, a Compensation and Evaluation Committee, and a Strategic Committee. Each committee carries out its duties in accordance with the *Articles of Association* and the rules of procedure for the respective committees, providing objective and prudent evaluations of major company matters and enhancing the scientific efficiency of the Board of Directors' decision-making.

Key Performance

In 2025, the Board of Directors held **18** meetings, reviewing and approving **69** proposals, with a director attendance rate of **100%**;

A total of **14** committee meetings were held, reviewing **44** proposals, including:

Audit Committee: **5** meetings, **22** proposals reviewed;

Nomination Committee: **0** meetings, **0** proposals reviewed;

Strategic Committee: **1** meetings, **7** proposals reviewed;

Compensation and Evaluation Committee: **8** meetings, **15** proposals reviewed.



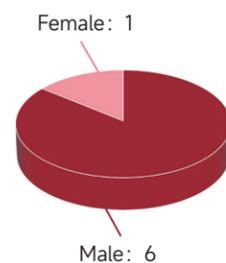
Diversity of Board of Directors

The Company's directors are elected or appointed in accordance with the *Company Law of the People's Republic of China* and the *Articles of Association*. Based on the Company's development needs, the selection of directors fully considers a balanced mix of gender, age, professional expertise, educational background, and academic qualifications, actively promoting diversity within the Board of Directors. Directors leverage their professional expertise to provide scientific and reasonable advice on the Company's business decisions and standardized operations.

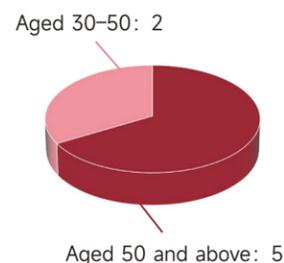
Key Performance

As of the end of the Reporting Period, the Company's Board of Directors comprised **7** members, including **1** female directors, representing **14.29%**; there were **3** independent directors, accounting for **42.86%** of the Board.

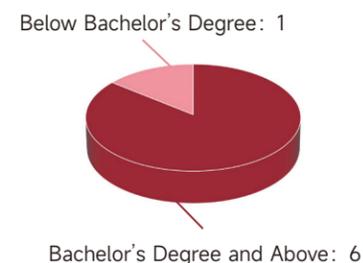
Gender Structure



Age Structure



Educational Background Structure



Board Independence

The Company's independent directors consistently uphold professionalism and independence, strictly following relevant laws, regulations, and the Articles of Association, and faithfully and diligently performing their duties. The Company emphasizes the active role of independent directors in corporate governance and has established rules for independent directors' meetings, ensuring that their contributions are fully utilized to enhance the scientific and professional quality of Board of Directors' decision-making.

	Independent Directors (Person)	Non-Independent Directors (Person)	Whether Independent Directors Serve as the Chairman
Audit Committee	2	1	Yes
Nomination Committee	2	1	Yes
Strategic Committee	1	2	No
Compensation and Evaluation Committee	2	1	Yes



Board Effectiveness Evaluation

In 2025, the Company systematically revised the *Rules of Procedure of the Board of Directors*, the *Working System for Independent Directors*, and the working rules of relevant committees, further clarifying the rights and responsibilities of independent directors and optimizing decision-making procedures, thereby effectively ensuring the Board's standardized, independent, and efficient performance of its duties. Through institutional improvements and dedicated training for directors, the effectiveness of Board operations and the scientific rigor of decision-making continued to improve, with the role of independent oversight and checks and balances further strengthened. The Company comprehensively presented its governance achievements through the annual Board of Directors' work report, highlighting the Board's critical role in promoting the Company's steady development. During the Reporting Period, the Company conducted both self-evaluations and external evaluations of Board effectiveness through questionnaires, focusing on dimensions such as major decision-making, strategic leadership, corporate governance, risk management and control, and routine oversight, and collected feedback.

Remuneration of Directors and Senior Management

The Company strictly complies with the *Company Law of the People's Republic of China*, the *Corporate Governance Code for Listed Companies*, the *Articles of Association*, and the Company's remuneration management policies. It regularly discloses the remuneration of directors and senior management in the annual report, materials of the general meetings of shareholders, or relevant announcements. The actual remuneration received by all directors and senior management as of the end of the Reporting Period is detailed in the Company's 2025 Annual Report.

The Company has established policies such as the *Remuneration Management Measures* and *Performance Management System*, creating a comprehensive remuneration and performance evaluation framework for senior management. By combining short-term incentives with long-term planning, the Company aligns the personal interests of management team members with the Company's long-term sustainable development. This approach effectively motivates senior management, enhances operational efficiency and quality, and ensures the achievement of the Company's business objectives. By establishing a comprehensive evaluation system that includes KPIs such as daily charter rate compliance, performance growth rate, profit target achievement rate, labor efficiency improvement, and internal operational efficiency, as well as ESG indicators including metrics for safety and environmental protection, employee training, and investor relations management, the Company combines short-term and long-term incentives. This approach drives improvements in operational management and promotes the Company's sustained and healthy development.

In addition, the Company has implemented stock and stock option incentive plans to reward personnel in key positions. The incentive program covers directors, senior management, core management personnel, and key (technical) business staff. Eligible participants are granted restricted stocks and stock options, effectively aligning the interests of shareholders, the Company, and the core team members. This further establishes and strengthens a long-term incentive and restraint mechanism, encouraging all parties to focus collectively on the Company's long-term development.



Protection of Investors' Rights and Interests

Investor Relations Management

The Company has established systems such as the *Investor Relations Management System* and the *Major Business and Investment Decision Management System*. It discloses information through channels including the Securities Times, China Securities Journal, Shanghai Securities News, and the CNINFO website. By leveraging online performance briefings, on-site research visits, email communication, and investor relations interaction platforms, the Company strengthens communication and engagement with investors and potential investors. It continuously improves the mechanisms for investor communication, reception, and service, addresses investors' inquiries regarding the Company's business development, and actively showcases the Company's operational achievements to the capital market while conveying the Company's investment value.

The Company actively conducts specialized investor engagement activities and participates in strategy meetings and roadshow events. Adhering to a "Going Out and Bringing In" approach, it has built a diversified and multi-dimensional investor communication platform, achieving a simultaneous enhancement of investor relations management effectiveness and corporate strategic transparency. In 2025, the Company held a total of **5** performance briefings throughout the year.

The 2025 Drybulk Shipping Market Convention & Vessel Visit was successfully held



From August 25 to 26, 2025, Highton Development successfully held the "2025 Drybulk Shipping Market Convention & Vessel Visit" in Ningbo and Zhoushan. Leading institutional investors and securities analysts were invited to jointly discuss market prospects and visit the Company's 180,000-ton dry bulk vessel. Through expert presentations and executive interactions, the guests gained a deeper understanding of the dry bulk shipping market and strengthened their trust in the Company.



On-Site Photos of Vessel Visit

Highton Development participated in the "I Am a Shareholder" special exchange event for SSE-listed companies



On December 4, 2025, Highton Development, as a core participant, collaborated with China Securities and the SSE to successfully host the "I Am a Shareholder" visit to listed companies. Company executives provided investors with a systematic introduction to the business model and development strategy and engaged in in-depth discussions on key concerns such as financial performance. Through on-site presentations and face-to-face communication, investors gained a direct understanding of the Company's professional operational capabilities and corporate value. The event effectively built a bridge for transparent communication, strengthened investor trust, and enhanced the Company's recognition in the capital market.



"I Am a Shareholder" Visit to SSE-Listed Companies

Information Disclosure

The Company has formulated and implemented the *Information Disclosure Management System*, aiming to establish a standardized and orderly investor relations management mechanism. By regularly conducting investor interaction and engagement activities, the Company continuously enhances the standardization of its information disclosure, ensuring open, transparent, and efficient communication with investors, safeguarding their legitimate rights and interests, and continuously enhancing shareholder value. During the Reporting Period, the Company was not subject to any penalties for violations related to information disclosure.

In 2025, the Company publicly disclosed a total of **4** periodic reports and **131** interim announcements.

Protection of Shareholders' Rights and Interests

The Company attaches great importance to ensuring reasonable investment returns for its shareholders while balancing the Company's capital requirements and principles of sustainable development. In strict compliance with relevant regulatory requirements, the Company has formulated the *Fujian Highton Development Co., Ltd. Shareholder Dividend Return Plan for the Next Three Years (2025-2027)* to ensure that its profit distribution policy is sustainable, stable, and scientifically sound. The Company distributes dividends to shareholders in the form of cash, shares, or a combination of both. Subject to the Company's profitability, normal operations, and long-term development, priority is given to cash dividends to provide investors with long-term and stable investment returns. For the 2025 fiscal year, the Company plans to distribute a total cash dividend of RMB **9,277.71** (in ten thousand yuan) (including tax), representing **19.95%** of the net profit attributable to shareholders of the listed company.



Compliance and Risk Management

Governance

The Company has improved its refined management system to enhance operational management and ensure the compliance of business operations and the effectiveness of risk management. Based on the internal control system, the Company has established internal control policies such as the *Major Information Internal Reporting System* and continuously strengthens its risk, compliance, and internal control management framework. Internal management systems have been formulated for key operational areas including financial management, human resources, safety management, and material procurement, promoting the implementation of refined management and enhancing risk prevention capabilities. At the same time, the Audit and Supervision Department performs its core responsibilities in internal control development and daily oversight. In terms of internal control development, it evaluates the reasonableness of the internal control environment, including corporate governance and risk management systems, improves internal control measures, and develops internal control and audit manuals to standardize internal operations and audit processes. In terms of daily oversight, it conducts internal control audits, operational inspections, special audits, and on-site spot checks to strengthen compliance and risk management across business processes. In addition, the Company reinforces employees' understanding of internal control and compliance management and raises legal awareness through training and other activities, thereby laying a solid compliance foundation for the Company's stable development.

Strategy

Type of Risk	Description of Risk	Explanation of Financial Impact	Impact Duration	Impact on Value Chain	Response Measures
Policy and Legal Risks	Under the complex international political environment and geopolitical landscape, changes in economic sanctions imposed by certain countries and port/ship regulatory policies may pose compliance risks. If sanctions and regulatory compliance risks are not adequately identified, or if the complexity and frequent changes of relevant rules prevent timely and effective risk recognition, the Company may face investigations, penalties, sanctions, or vessel detentions, resulting in business disruption and economic losses.	Cost increase Income decrease	Short, medium and long terms	Operations	Regularly conduct compliance and sanctions risk identification and assessment; Improve internal control systems and update operational manuals in a timely manner; Optimize shipping routes to achieve route diversification.
Reputation Risks	Failure to effectively implement the requirements of relevant countries or ports, or to comply with applicable sanctions and regulatory rules, may result in compliance penalties and negatively affect the Company's reputation.	Income decrease Damage to reputation	Short, medium and long terms	Operations	In the event of a compliance penalty, proactively disclose information and communicate promptly with stakeholders to mitigate negative impact.

Impact, Risk, and Opportunity Management

Enhancing Risk Control

The Company strictly complies with the *Enterprise Income Tax Law of the People's Republic of China* and the *Tax Collection and Administration Law of the People's Republic of China*, conscientiously fulfilling its tax obligations. It has established a comprehensive financial management system and arranges for financial personnel to participate in various trainings organized by tax authorities, banks, government departments, or professional training institutions, ensuring timely access to new policies and updated information.

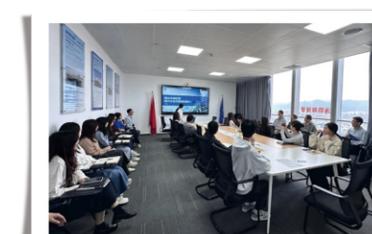
The Company has formulated the *Related-Party Transaction Management Measures* to regulate related-party transactions, ensuring that such transactions are conducted based on the principles of fairness, impartiality, and transparency. It strictly adheres to the information disclosure system to ensure that material information regarding related-party transactions is disclosed in a timely, accurate, and comprehensive manner.

Improvement of Internal Control

The Company strictly follows the requirements of the Corporate Internal Control Standards to establish and effectively implement a comprehensive internal control system. It has developed detailed internal control policies and conducts regular evaluations of internal control effectiveness as well as compliance risk assessments. A tracking checklist is maintained to identify and monitor issues, and relevant departments are organized to implement corrective actions in a closed-loop manner. During the Reporting Period, the Company did not identify any material or significant deficiencies in internal control and maintained effective internal control over financial reporting in all material aspects.

Building Risk Management Capacity

During the Reporting Period, the Company actively organized internal training programs focusing on strengthening compliance operations and enhancing enterprise risk prevention capabilities, helping employees build a robust risk defense. At the same time, employees were selected to participate in external training covering key areas such as cash flow optimization and accounts receivable management strategies, contract and tax review, tax optimization and compliance framework development, decision-making based on financial analysis, and penetrative supervision and enterprise risk management. These initiatives improved employees' ability to respond to risks and enhanced their overall business competence in a complex commercial environment.



Internal Risk and Compliance Training



External Risk and Compliance Training

Metrics and Targets

In 2025, the Company did not experience any major risk incidents or significant legal or regulatory violations.



Business Behaviors

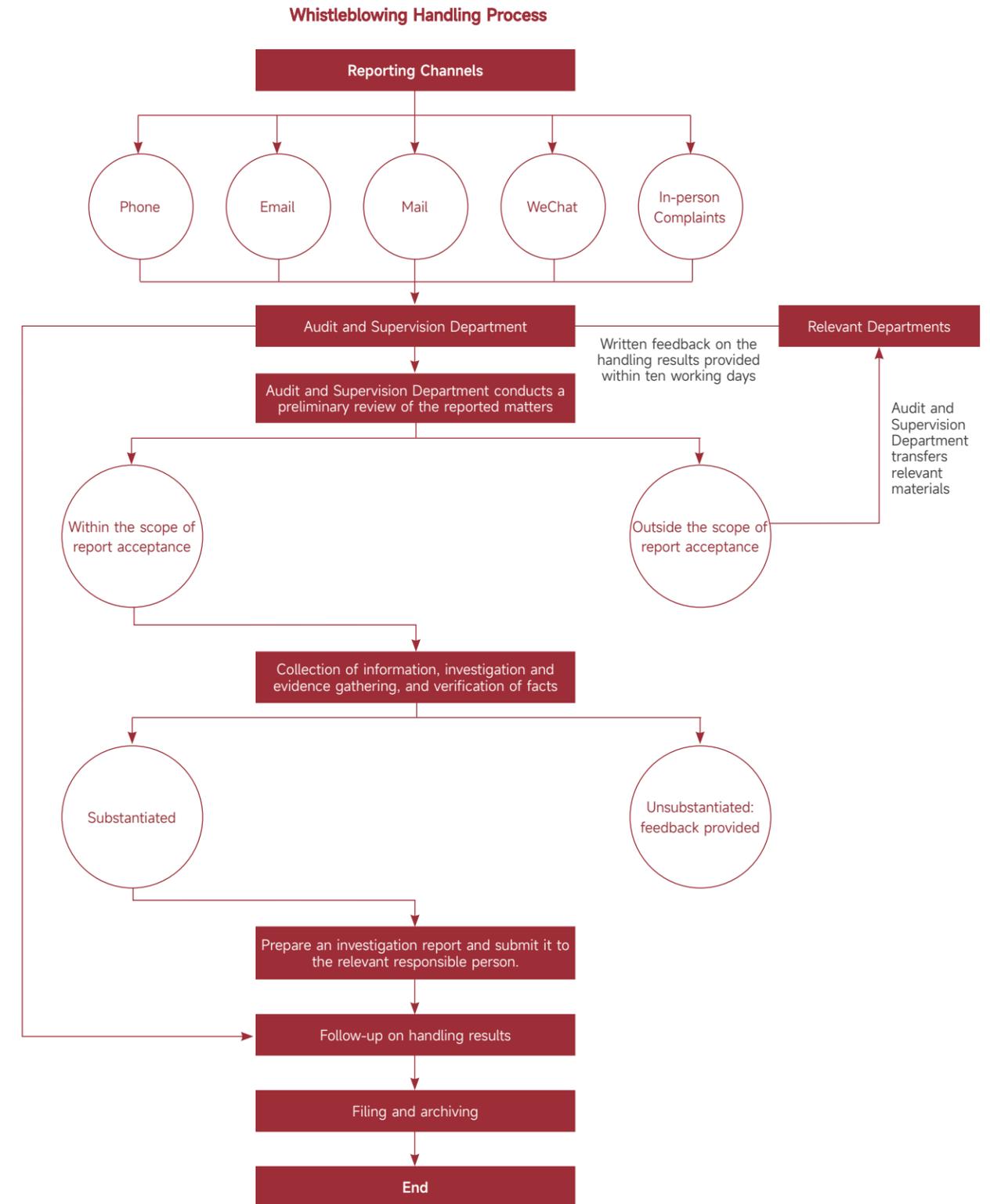
The Company consistently regards integrity and anti-corruption as fundamental pillars of its development. Upholding the principle of honest and ethical operations, the Company strictly complies with national and local laws and regulations, including the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. It has established relevant policies and systems on anti-commercial bribery, anti-corruption, and the promotion of integrity in professional conduct. In 2025, the Company did not receive any lawsuits or legal cases related to commercial bribery, corruption, or unfair competition.

Anti-Commercial Bribery and Anti-Corruption

Standardizing Integrity Management

The Company places great importance on building an integrity-driven enterprise and strictly complies with relevant laws and regulations. It has formulated internal policies such as the *Anti-corruption Management System*, the *Supervision Management Measures*, and the *Gift and Cash Registration, Submission and Disposal System*, which set out provisions on integrity investigations, whistleblowing management, related incentives and disciplinary actions, and integrity requirements for suppliers. These measures are designed to strengthen employees' professional ethics and foster a clean, upright, and efficient corporate culture. As the highest body of responsibility and oversight, the Board of Directors bears ultimate responsibility for the formulation of the Company's anti-bribery and anti-corruption policies, the evaluation of their effectiveness, and the final outcomes of their implementation. The Audit and Supervision Department coordinates and advances integrity building and oversight responsibilities. It is responsible for integrity education and communication, system improvement, and the establishment of whistleblowing channels, and organizes the investigation of integrity-related leads, the handling of cases, and the public disclosure of outcomes. It also reports regularly to the General Manager on work progress, risk conditions, and the handling results of major cases. In 2025, the Company conducted **8** internal special audits on integrity and experienced no major corruption incidents.

Integrity in Employment and Cooperation	<ul style="list-style-type: none"> All employees are required to sign an <i>Integrity Commitment Letter</i>. In 2025, the signing rate of integrity commitment letters among the Company's shore-based employees was 100%. When negotiating business with suppliers or partners, the Company requires the signing of an <i>Integrity Commitment Letter</i>.
Reporting Channels	<p>The Company has established the <i>Internal Reporting System</i> to improve and formalize reporting channels.</p> <ul style="list-style-type: none"> Tel.: 0591-83358750; Mail: Audit and Supervision Department, 42/F, Shenglong Global Tower, No. 23 Changting Street, Ninghua Subdistrict, Taijiang District, Fuzhou Online Reporting: lianzheng@fz-highton.com
Protection of Whistleblowers	<ul style="list-style-type: none"> The Audit and Supervision Department strictly protects the confidentiality of whistleblowers' information, with designated personnel responsible for the receipt and registration of reports. During investigations, investigators strictly comply with the Company's rules and regulations and maintain strict confidentiality regarding the matters under investigation. Any violation of these requirements will be subject to strict and severe disciplinary action by the Company. When granting whistleblowing rewards or publicizing related cases, the Company strictly prohibits the disclosure of any information that could identify whistleblowers.
Integrity Investigations	<p>The Company has established and continuously improved its integrity investigation mechanism. The Audit and Supervision Department is responsible for investigating cases involving suspected violations of discipline or regulations by employees and submitting investigation reports upon completion. Any violation of the Company's Anti-corruption Management System will be subject to disciplinary action as appropriate.</p>





Strengthening Integrity Awareness

The Company attaches great importance to cultivating employees' awareness of integrity. Through measures such as "Sunshine Talks" themed onboarding training for new employees, the Company provides explanations of national laws and regulations on anti-corruption and related matters, and actively carries out communication, education, and training on anti-corruption and anti-bribery, continuously strengthening employees' awareness of integrity. The Company also emphasizes the development of a culture of integrity by installing suggestion boxes and displaying integrity-themed posters on its premises. During the Reporting Period, the Company conducted integrity awareness campaigns for suppliers, laying a solid foundation of probity for the Company's sustainable and healthy development.



New Employee Training – Sunshine Talks



Anti-Corruption and Anti-Bribery Training for Business Partners



海通发展廉政文化

- 廉洁:** 不收取或索取供应商和客户的财物
不虚构成本费用
不侵占或截留公司收入
不挪用或盗取公司财物
不利用公司资产或平台牟取私利
- 诚信:** 不妨碍或阻挠公司正常的调查活动
不欺骗公司、客户和供应商
不泄露公司机密信息
不损害公司形象和利益
不伪造、篡改、销毁文件资料和数据信息
- 透明:** 应向公司报告本人或亲属作为公司客户或供应商
应向公司报告员工违反职业道德的行为
应向公司报告员工同业竞争的行为
应向公司报告供应商和客户损害公司利益的行为
提倡供应商或客户向公司报告损害公平竞争的行为

举报投诉渠道

- 1、举报电话: 0591-83358750 199-0502-5871
- 2、举报邮箱: tianzheng@fz-highton.com
- 3、邮寄举报: 福州市台江区宁化街道长汀街23号
升龙环球大厦42层审计监察部



Integrity Culture Promotional Posters

Anti-Unfair Competition

The Company adheres to the principles of integrity in operations and fair competition, and strictly complies with and implements the *Anti-Unfair Competition and Anti-Monopoly Management System* to ensure that all business activities are lawful and compliant. The Company has established a scientific and standardized management system. The Board of Directors is responsible for the formulation of anti-unfair competition and related policies, the evaluation of their effectiveness, and the final outcomes of their implementation. The Audit and Supervision Department serves as the functional department responsible for anti-monopoly and anti-unfair competition management, and is in charge of formulating and promoting relevant management systems covering key areas such as employee codes of conduct and marketing practices. It provides guidance and supervision over related activities and focuses on preventing unfair competition practices, including false advertising, commercial bribery, and infringement of trade secrets, thereby strengthening the Company's compliance defenses at both the institutional and governance structure levels. During the Reporting Period, the Company revised and improved the *Employee Handbook*, explicitly prohibiting any form of monopoly or unfair competition. It strictly forbids the disclosure of the Company's trade secrets or the improper acquisition of competitors' information, and prohibits entering into monopoly agreements with competitors or counterparties that exclude or restrict competition. These revisions further strengthened employees' code of conduct regarding anti-unfair competition.



Conducting Internal Anti-Unfair Competition Training

In 2025, the Company conducted specialized anti-unfair competition training internally to strengthen awareness-raising and education for employees and business partners, enhancing their understanding and capabilities for compliant and fair competition. At the same time, shore-based employees were required to sign confidentiality commitment letters, and business partners were encouraged to fulfill their compliance commitments, continuously strengthening legal awareness and compliant practices on both sides and jointly safeguarding a fair and competitive business environment.



Key Performance

In 2025, the Company conducted **19** anti-commercial bribery and anti-corruption training sessions.

Among these, **2** sessions were provided to directors and senior management,

with a training coverage rate of **100%** for directors and senior management.

A total of **269** employee attendances participated in anti-commercial bribery and anti-corruption training.



Green and Low-Carbon, Safeguarding the Ecosystem

In the face of global climate challenges, Highton Development actively responds to the national "Dual-Carbon" targets, promotes green transformation, and implements climate actions, steadily advancing toward a greener path in the journey of protecting the Earth's ecosystem.

Green and Low-Carbon Operation

Strengthening Environmental Management

Optimizing Resource Utilization

Biodiversity Conservation





Green and Low-Carbon Operation

With the issue of carbon emissions in the shipping industry receiving heightened attention from the international community, requirements, standards, and regulations for low-carbon and environmentally friendly shipping have been continuously strengthened under the ongoing implementation of the *Paris Agreement*. In April 2025, the Marine Environment Protection Committee (MEPC) of IMO approved the draft of "IMO Net Zero Framework", which include new standards for ship fuels and a GHG emissions pricing mechanism. This marks an important step forward for the IMO in establishing a legally binding global framework for reducing GHG emissions from ships. To align with the inevitable global trend of sustainable development in the shipping industry—characterized by green, energy-efficient, low-carbon, and environmentally friendly practices—the Company continuously improves its internal governance system. By identifying, assessing, and actively responding to the risks and opportunities posed by climate change, the Company implements energy-saving and emission-reduction measures, thereby enhancing its capacity for sustainable development.

Governance

The Company places great importance on climate change. To ensure the orderly implementation of climate governance, it has established an ESG governance structure composed of the Board of Directors and the ESG Working Group. The Board is responsible for providing leadership and oversight on climate-related matters, as well as formulating strategies, policies, and regulations related to climate change. The ESG Working Group is responsible for the operational execution, including assessing climate-related risks and opportunities and developing and implementing climate response measures.

The Company has consistently adhered to a development model that is resource-efficient and environmentally friendly. It has established management systems such as the *Procedure of Energy Saving*. The General Manager, as the primary person responsible for energy management, is in charge of regularly reviewing energy management reports and overseeing related matters. The Ship Management Center leads the daily management of energy utilization, while functional departments such as the Engine Department and the Marine Department are responsible for the proper use and control of energy within their respective areas. For onshore office operations, the Company has formulated the *Office 6S Management System*, ensuring that lighting and air-conditioning equipment are used reasonably while meeting normal work requirements, thereby conserving energy.

Participation in the Inaugural Conference of the National Industry-Education Integrating Community for Green and Intelligent Shipping Industry

Case

On September 19, 2025, the inaugural conference of the National Industry-Education Integrating Community for Green and Intelligent Shipping Industry was held at Quanzhou Ocean Institute. Highton Development's subsidiary, Dai Qin International, participated in the conference as a board member representative of the Company. Moving forward, it will leverage the parent company's resources in fleet capacity and talent development to actively engage in the community's collaborative initiatives, jointly promoting the development of green and intelligent shipping. The community is jointly led by Shandong Shipping Corporation, Shanghai Maritime University, and Quanzhou Ocean Institute, in collaboration with industry organizations, academic institutions, enterprises, and research institutes. Its goal is to establish an industry-education integrated cloud service ecosystem, promote the green and intelligent transformation of the shipping industry, and cultivate high-quality technical talent.



Governing Unit



Conference Venue



Strategy

Based on global shipping development trends and the Company's own business characteristics, the Company conducts in-depth identification, assessment, and analysis of potential climate-related risks and opportunities it faces. On this basis, it actively adjusts its business development strategies and resource allocation to enhance its adaptive capacity in responding to climate change.

Risk Type	Risk Description	Explanation of Financial Impact	Impact Duration	Impact on Value Chain	Response Measures	
Transformation Risks	Policy and Legal Risks	With the deepening implementation of China's "Dual-Carbon" targets and the IMO's strategy for reducing greenhouse gas emissions from ships, global regulations on carbon emissions in the shipping industry are becoming increasingly stringent, imposing higher compliance requirements on ship energy efficiency and carbon intensity.	Cost increase	Long-term	Operations	Closely monitor domestic and international shipping environmental regulations and policy developments to ensure that company operations remain compliant and can adapt promptly to regulatory changes.
	Technological Risks	To comply with MARPOL's mandatory requirements for ship energy efficiency, the Company needs to continuously introduce and apply various energy-saving technologies and equipment to drive fleet technological upgrades.	Cost increase	Mid-term	Operations	Comprehensively promoted the installation of streamlined housings and hub vortex absorbed fins across the fleet, and actively evaluate the application of energy-saving technologies such as axle generators and variable-frequency control systems. In conjunction with the formulation and implementation of <i>The Ship Energy Efficiency Management Plan (SEEMP)</i> , set clear energy efficiency targets and implementation milestones, optimize resource allocation, and continuously reduce ship energy consumption through refined management.
	Market Risks	Against the backdrop of accelerated global clean energy development, customer preferences for low-carbon energy products and green shipping services are increasing. The Company's current main cargoes are coal and other dry bulk goods, and in the future, it may face business pressure from structural adjustments in related shipping demand.	Income decrease	Long-term	Operations Downstream	Steadily advance ship energy-saving retrofits and fleet upgrades to support the transition of the business structure toward green and low-carbon operations. While consolidating existing dry bulk transport business, enhance adaptability and competitiveness in the global market.
	Reputation Risks	If the Company fails to effectively implement requirements in energy efficiency management, emission reduction practices, and environmental information disclosure, it may lead to compliance issues or environmental incidents, thereby affecting the trust of investors, customers, and other stakeholders, and damaging the Company's brand reputation.	Income decrease Damage to reputation	Long-term	Operations Downstream	Actively implement the concept of green shipping, improve the quality and transparency of environmental information disclosure, and strengthen effective communication with investors, customers, and other stakeholders to maintain the Company's image as a responsible enterprise.
Physical Risks	Acute Risks	Extreme marine weather events such as typhoons and tsunamis can affect safe ship navigation, causing accidents that result in vessel and cargo damage, personal injury or loss, disruption of shipping routes, and delays in transportation schedules.	Cost increase Fixed assets depreciation	Short-term	Operations Downstream	Develop contingency plans for extreme weather, such as typhoon prevention and response measures, clearly define emergency work deployment, and effectively safeguard the safety of personnel and vessels.
	Chronic Risks	Persistent high-temperature variations and rising sea levels may affect shipping routes and schedules, as well as cargo loading, unloading, and transportation, potentially causing delays in cargo delivery.	Income decrease Cost increase	Long-term	Operations Downstream	Continuously monitor long-term changes in business environments such as shipping lanes and ports, and plan routes and onboard operations accordingly to ensure smooth completion of transportation services.



Opportunity Type	Description	Explanation of Financial Impact	Impact Duration	Impact on Value Chain	Response Measures
Resource Efficiency	By implementing ship energy-saving upgrades and promoting digital and intelligent business transformation, resource consumption can be effectively reduced, and vessel operational efficiency improved.	Cost reduction	Short-term	Operations	Continue carrying out energy-saving retrofit projects and implement refined management of indicators such as fuel consumption and spare parts usage to enhance vessel operational efficiency; Actively explore innovative business models based on the “digitalization + shipping” approach to comprehensively improve the Company’s digital and intelligent management capabilities.
Energy Source	Reducing the use of conventional energy and transitioning to low-emission alternative energy can optimize the energy structure, lower pollution control costs, and meet the demand for low-carbon shipping services while ensuring stable energy supply.	Cost reduction Income increase	Long-term	Upstream Operations	Actively apply clean energy and explore the feasibility of biomass fuels; Retrofit more operating vessels with shore power systems to reduce conventional fuel consumption and lower carbon emissions.
Market Opportunities	The global green transition is driving new demand for low-carbon shipping services. Increasing customer preference for green supply chains presents emerging opportunities for the Company to expand services and secure new orders.	Income increase	Long-term	Operations Downstream	While actively expanding the global dry bulk shipping network, continuously strengthen ship energy efficiency management and green operations, enhance low-carbon shipping service capabilities, meet customer demands for green supply chains, and gain a competitive market advantage.
Adaptability	Expanding the global route network and improving vessel operational efficiency can bring more business opportunities, enhance the Company’s capacity to response to climate change, and maintain market competitiveness.	Cost reduction Income increase	Long-term	Upstream Operations Downstream	Gradually improve a more extensive transport network, extending services globally; Develop a light-asset operational model to ensure a high degree of alignment between fleet size, capacity structure, and route demand, thereby maintaining operational stability and efficiency and better adapting to market needs and uncertainties brought by climate change.

Time definitions:
When describing the time horizon of risks and opportunities, we categorize them into three periods to more clearly reflect their potential impact on the Company’s future development: Short-term: Within 1 year after the end of the Company’s sustainability Reporting Period (inclusive of 1 year); Medium-term: 1 to 5 years after the end of the Company’s sustainability Reporting Period (inclusive of 5 years); Long-term: More than 5 years after the end of the Company’s sustainability Reporting Period.



Impact, Risk, and Opportunity Management

The Company continuously strengthens its climate change risk management by identifying and assessing climate-related risks and opportunities that may affect its operations. Based on the Company's actual situation, it develops and timely adjusts response strategies.

To further enhance the Company's capacity to adapt to climate change and ensure effective control and response to related risks, the Company adheres to a low-carbon operational model and continuously optimizes vessel performance. By applying shore power, retrofitting energy-saving equipment, and implementing refined operational management, it steadily improves energy utilization efficiency and reduces greenhouse gas emissions. The Company has also established a comprehensive emergency management system to prevent and mitigate the adverse impacts of natural disasters and extreme weather events, safeguarding personnel and vessel safety and laying a solid foundation for sustainable development.

Response to Extreme Weather

The Company has established the *Heavy Weather Sailing Guidelines* to standardize safe operational procedures for ships navigating in adverse conditions such as strong winds and high waves. In addition, it has formulated related procedures including the *Typhoon Preparedness Procedures* and *Typhoon Contingency Plan*, and prepares an annual typhoon prevention and response plan. Before each typhoon season, the Company holds an annual typhoon preparedness meeting, establishes a Typhoon Prevention and Response Command Team to oversee vessels' typhoon-related operations, coordinate production schedules, and strengthen monitoring of sea conditions and weather, as well as tracking and analyzing typhoon trends. At the same time, the Company urges all ship captains to conduct comprehensive inspections and maintenance of vessel equipment, ensuring that all systems are ready for immediate use and in good condition during emergency typhoon operations, thereby continuously strengthening the capability to prevent and respond to extreme weather.

Metrics and Targets

The Company actively responds to global calls for greenhouse gas reduction, aligning with China's national goals of "carbon peaking by 2030" and "carbon neutrality by 2060", as well as the international *2023 IMO Strategy on Reduction of GHG Emissions from Ships*. Through energy-saving retrofits, vessel energy efficiency management, and other measures, the Company continuously promotes green transformation, aiming to achieve carbon neutrality by 2060.

The Company continuously monitors vessel carbon intensity indicator (CII) in accordance with operational conditions and IMO requirements, and actively implements measures such as vessel retrofits to promote the optimization and improvement of vessel carbon intensity ratings.

Key Performance	Unit	2024	2025
Total GHG Emissions	tCO ₂ e	527,262.94	771,778.22
GHG Emission Intensity	tCO ₂ e/RMB 1 million (revenue)	144.11	173.71
Direct Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	526,695.97	771,010.72
Indirect Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	566.97	591.12
Other Indirect Emissions (Scope 3)	tCO ₂ e	/	176.38

Note: Scope 1 includes carbon emissions from self-owned dry bulk vessels, multipurpose heavy-lift vessels and official vehicles; Scope 2 includes carbon emissions from purchased electricity for onshore offices and the use of shore power by vessels; Scope 3 only accounts for carbon emissions from employee business travel.

Strengthening Energy Management

In line with the MEPC.1/Circ.683 Guidelines for the Ship Energy Efficiency Management Plan (SEEMP), the Company has developed its fleet-wide *Ship Energy Efficiency Management Plan* (SEEMP). An energy efficiency operational indicator (EEOI) is applied to all vessels as an assessment metric to monitor fuel efficiency, evaluate the impact of voyage planning and new technologies on fuel usage, and continuously optimize vessel performance to improve fuel efficiency. At the same time, the Company actively takes measures to ensure that all vessels operating in overseas regions comply with the current Energy Efficiency Existing Ship Index (EEXI) requirements. Some of the Company's vessels in overseas waters, as well as vessels operating in both domestic and international routes, have completed technical assessments for EEXI and passed the corresponding classification society audits.

Key Metrics	Unit	2024	2025
Total Direct Energy Consumption	tce	237,335.44	347,422.38
Total Fuel Oil Consumption	ton	165,920.97	218,290.14
Total Indirect Energy Consumption	tce	129.86	135.39
Office Electricity Consumption	kWh	111,696.32	119,412.13
Number of Shore Power Uses	Times	170	179
Total Shore Power Consumption	kWh	944,897.83	982,195.20
Total Energy Consumption	tce	237,465.30	347,557.77
Energy Consumption Intensity	tce/RMB 1 million (revenue)	64.90	78.23
Number of Vessels Completed with EPL Retrofit	Ship	40	56
Number of Vessels Passed EEXI Classification Audit	Ship	40	56





Promoting Vessel Energy Saving and Carbon Reduction

The Company continuously advances energy-saving and carbon reduction initiatives through multiple measures, including energy-efficient technology retrofits and refined vessel operational management. In terms of incentive mechanisms, the company has established a fuel-saving reward system for the foreign-shipping fleet, providing fuel-saving bonuses to vessels that meet the requirements, thereby motivating the fleet to implement energy-saving measures.

Vessel Energy-Saving Retrofits

Shore Power Conversion

The Company promotes the installation of shore power facilities on operating vessels and has established management, usage, maintenance, and operational procedures for these facilities, effectively reducing air pollutant emissions from ships while in port. As of the end of the Reporting Period, the Company's vessels had used shore power a total of 179 times, with a total consumption of 982,195.2 kWh.

Equipment Upgrades

By equipping operating vessels with energy-saving devices such as streamlined housings and hub vortex absorbed fins (HVAFs), the Company has achieved approximately a 5% reduction in daily fuel consumption during navigation. During berthing periods, the installation of fuel and cylinder liner electric heaters to replace traditional fuel-fired boilers has reduced daily fuel consumption from 2.5 tons to 2.0 tons, a decrease of 20%. As of end of the Reporting Period, a total of 30 vessels in the Company's fleet had been retrofitted with streamlined housings and HVAFs.

Coating Optimization

The Company actively applies organic silicon coatings on vessel hulls to reduce surface friction resistance, thereby lowering fuel consumption and associated emissions and cutting related carbon emissions by approximately 8%. As of end of the Reporting Period, the Company completed the application of high-performance organic silicon hull coatings on 34 vessels.

Vessel Operations Management

Equipment Maintenance

The Company standardizes the daily maintenance, inspection, and record-keeping of vessel equipment to ensure optimal performance, promptly identify potential energy efficiency risks, and avoid unnecessary energy consumption. For example, unused compartments' air conditioning is stopped by closing dampers, and internal air recirculation is used to reduce heat loss based on environmental conditions.

Waste Heat Recovery

The Company uses exhaust gas boilers as a heat recovery system, converting waste heat from exhaust gases into steam to support vessel heating and fuel heating, effectively reducing fuel consumption.

Voyage Optimization

The Company continuously implements refined vessel operational management, and while ensuring safe navigation, it comprehensively considers total voyage distance, fuel consumption, weather conditions, and other factors to select the optimal routes and speeds, thereby reducing energy consumption.

Energy Conservation and Consumption Reduction Promotion

Energy Conservation Exploration

The Company actively researches axle generators and variable-frequency control systems as potential upgrades for energy-saving and emission-reduction equipment.

Energy Conservation Promotion

The Company periodically organizes theme-based training and educational activities related to energy conservation to enhance employees' awareness of energy-saving and emission-reduction practices.

During the Reporting Period, to ensure the continued stable and robust operation of the Company's fleet and uphold the concept of sustainable development, the Company conducted intermediate and special inspections on **26** vessels. It also continuously carried out drydocking maintenance, energy-saving and emission-reduction measures, and low-carbon, environmentally friendly equipment upgrades and optimizations for both existing and newly acquired vessels.

Specialized Training on Green Energy Conservation and Environmental Protection

Case

During the Reporting Period, the Company organized specialized training sessions focusing on the application of the latest energy-saving technologies and practical experiences on current vessels. The sessions explored topics such as energy-saving retrofits, efficiency improvement, and optimization of energy management. By sharing practical cases of energy-saving and consumption reduction, the training provided employees with reference ideas and methods, further strengthening their confidence in promoting energy-saving and emission-reduction initiatives.



Deepening Strategic Cooperation to Build Green Shipping

Case

Partnering with COSCO Shipping Heavy Industry, Promoting High-Quality Green Shipping

On June 13, 2025, Highton Development signed a strategic cooperation agreement with COSCO Shipping Heavy Industry, with both parties focusing on deepening collaboration in the fields of "green and low-carbon" and "digital intelligence". Upholding its mission of "Aiming at the ocean, making China's shipping business better and stronger", Highton Development is highly aligned with COSCO Shipping Heavy Industry across the industry chain. Moving forward, the two parties will deepen cooperation in key areas such as green low-carbon initiatives and digitalization, jointly supporting the national strategy of building a strong maritime nation.



Highton Development reached a strategic cooperation agreement with COSCO Shipping Heavy Industry

Engaging with the Maritime and Port Authority of Singapore to Optimize Green Fleet Operations

On June 19, 2025, Highton Development held in-depth discussions with the Maritime and Port Authority of Singapore (MPA) on vessel decarbonization strategies. Key topics included ship decarbonization strategies, the Green Ship Program, and Singapore's ship registration incentives. MPA representatives expressed their willingness to explore sustainable shipping solutions together with Highton Development, supporting the Company in achieving its low-carbon objectives. Through this collaboration, Highton Development will leverage Singapore's advantage as an international shipping hub to further optimize fleet operational efficiency, strengthen the cultivation of green shipping talent, and jointly promote sustainable development in the industry.



The Maritime and Port Authority of Singapore visited Highton Development



Strengthening Environmental Management

The Company strictly complies with the *Marine Environment Protection Law of the People's Republic of China*, the *International Convention for the Prevention of Pollution from Ships (MARPOL)*, the *International Safety Management (ISM) Code*, and other relevant domestic and international laws, regulations, and conventions. Guided by a strong sense of social responsibility and mission, the Company steadfastly implements the concept of environmental compliance management, continuously improves its environmental management system, and carries out various environmental protection initiatives. This ensures that the Company's business operations consistently align with global environmental standards, contributing to the green and sustainable development of the international shipping industry.

Governance

Management System

The Company has established relevant control procedures such as the *Procedures for Preventing Environmental Pollution and Procedures for Preventing Oil Pollution*, forming a comprehensive environmental protection management system and framework. Adhering to the safety and environmental protection policy of "Safety First, Health and Environmental Protection, People-Oriented, and Continuous Improvement", the Company aims to prevent harm to the environment, particularly the marine environment, and ensure that its operations comply with relevant international conventions and laws and regulations. In 2025, the Company did not incur any major administrative penalties from ecological or environmental authorities due to environmental incidents.

The Board of Directors, as the highest leadership and decision-making body for the Company's environmental management, assumes ultimate responsibility for the management of environmental protection policies, strategies, targets, and major risks, and supervises environmental performance. The General Manager serves as the primary responsible person for environmental management (including pollutants and waste management), tasked with formulating the Company's environmental protection policies, designating personnel to monitor vessel safe operation and pollution prevention, and coordinating internal and external activities. The Marine Department, Engine Department, and Systems Office collaboratively manage vessel safety and pollution prevention, investigate and analyze pollution incidents, and perform related tasks. Relevant supervisors periodically oversee and inspect these activities to ensure that operational waste, pollutants, and other substances that may harm the environment generated during vessel operations are handled strictly in accordance with applicable regulations.

Training and Education

In accordance with the *Guidelines for Education, Drills, and Exercises* management procedure, the Company defines education and drill requirements for all vessels under its management and develops an annual training plan for each vessel. The Company regularly conducts environmental protection training and drills for crew members, covering topics such as ship waste management and domestic sewage treatment, standardizing internal personnel's pollution handling operations. Additionally, shore-based employees are periodically organized to participate in environmental volunteer activities and receive training on environmental laws and regulations, effectively enhancing employees' environmental awareness.

Environmental Awareness Activities and Training

Case

In 2025, the Company actively carried out themed public welfare environmental protection activities such as "Protect Riverbanks, Share Clear Waters and Blue Skies" and "Low-Carbon and Green Travel". By organizing employees to participate in riverside litter cleanup, environmental knowledge training, and cycling practices, the company effectively enhanced employees' awareness of green living, environmental protection, and low-carbon lifestyles.



Environmental Public Welfare Activities



Environmental Training

Qualification Certification

All company vessels are equipped with environmental protection facilities in accordance with relevant international conventions or domestic ship inspection regulations, and undergo regular maintenance. The vessels have obtained the corresponding certifications, including Cargo Ship Safety Certificates, Air Pollution Prevention Certificates, Sewage Pollution Prevention Certificates, Oil Pollution Prevention Certificates, Anti-Fouling System Certificates, and Domestic Navigation Vessel Safety and Environmental Protection Certificates, among other relevant qualifications.



Strategy

Type of Risk/ Opportunity	Description of Risk/Opportunity	Explanation of Financial Impact	Impact Duration	Impact on Value Chain	Response Measures
Policy Risks	Pollutants such as exhaust gases, wastewater, and domestic waste generated during vessel operations may impact the environment. If environmental regulations become stricter in the future, the Company may need to invest more in environmental protection, potentially increasing operational costs.	Cost increase	Short- to medium-term	Operations	Monitor domestic and international shipping-related environmental policies and reasonably allocate and adjust budgets to ensure timely updates and upgrades of environmental protection facilities; Strictly comply with environmental protection and pollution prevention standards to ensure the compliant discharge and proper disposal of pollutants and waste.
Legal Risks	If the Company fails to discharge pollutants in compliance with relevant laws and regulations, it may face fines, lawsuits, or other penalties from authorities in operational regions.	Cost increase	Short-term	Operations	Conduct in-depth research on environmental regulatory requirements; strengthen pollutant emission management to ensure compliant handling; Implement operational standards and training for relevant personnel to prevent environmental pollution caused by improper operations.

Impact, Risk, and Opportunity Management

Environmental Risk Identification and Monitoring

The Company has established the *Risk Identification, Assessment, and Control Procedures* to standardize the processes for hazard identification, risk identification, assessment, and control. The Marine Department is responsible for regularly reviewing the adequacy, appropriateness, and effectiveness of risk factor identification and control measures, and updating the *Risk Identification and Assessment Records* based on the review results. In addition, the Company has developed a *Risk Source Classification and Control List* to implement tiered management and control of risk sources that may cause environmental pollution.

Environmental Emergency Management

Highton Development consistently upholds a strong sense of environmental responsibility and has established a systematic environmental emergency management framework. The Company has formulated and implemented a series of emergency response procedures, including the *Emergency Incident Handling Procedure*, *Emergency Preparedness*, and *Guidelines for Emergency Response to Accidental Oil Spillage*, comprehensively covering the prevention, control, and response processes for environmental and safety emergencies such as oil spillage. Through systematic identification and assessment of potential vessel emergencies, the Company clearly defines the responsibilities of personnel at all levels and the deployment of emergency resources, ensuring rapid response and effective incident control, and minimizing the scope of incidents and their environmental impacts.

At the same time, to ensure effective response to sudden environmental pollution and damage incidents, the Company has prepared guiding documents such as the *Onboard Emergency Response Guide and Training Manual*. In accordance with the annual ship-shore emergency training and drill plan, the Company regularly organizes a range of emergency drills, including abandon ship, fire-fighting, oil spillage, collision, and grounding scenarios. These efforts continuously enhance the emergency coordination and response capabilities of both ship and shore personnel, effectively safeguarding navigational safety and marine environmental protection.

Marine Oil Spillage Emergency Drill

Case

During the Reporting Period, in order to effectively fulfill the requirements of the SOLAS/SOPEP international conventions and enhance vessels' emergency response and coordinated handling capabilities for marine pollution incidents, the Company conducted a comprehensive emergency drill simulating an oil spillage accident during bunkering operations. The drill simulated the discovery of oil pollution on the water surface during refueling. In accordance with established procedures, all crew members activated the emergency response plan, promptly carrying out key actions such as isolating the source of leakage, issuing alarms, assembling response teams, containing and recovering spilled oil, followed by equipment inspection and post-drill review. The entire process featured rapid response, standardized operations, and orderly coordination, successfully verifying the effectiveness of the vessel's anti-pollution emergency plan and strengthening crew members' environmental awareness and practical response capabilities.

Metrics and Targets

Marine transportation is the primary operational segment in which the Company's production and business activities involve environmental pollution. During vessel operations, pollutants may be generated, including exhaust emissions (mainly carbon dioxide, nitrogen oxides and sulfur oxides), oil pollution/oily wastewater, domestic sewage, and ship-generated waste. During the Reporting Period, the Company adopted appropriate treatment measures for all of the above major pollutants to ensure that all emission metrics complied with relevant environmental protection standards. In 2025, the Company's investment in environmental protection amounted to RMB **4,137.41** (in ten thousand yuan).

Major Pollutant Emissions

Key Metrics	Unit	2024	2025
Nitrogen Oxides (NOX) Emissions	ton	12,390.90	17,952.48
Nitrogen Oxides (NOX) Emission Intensity	t/RMB 1 million (revenue)	3.39	4.04
Sulfur Oxides (SOX) Emissions	ton	1,410.83	2,034.95
Sulfur Oxides (SOX) Emission Intensity	t/RMB 1 million (revenue)	0.39	0.46

Pollutant Discharge Management

The Company has established stringent emissions management systems and procedures, including the *Procedures for Preventing Environmental Pollution*, which clearly define the specific requirements and standards applicable to vessels under the Company's management in respect of environmental protection and pollution prevention, thereby ensuring the compliant discharge and proper treatment of pollutants.

Waste Gas Management

The Company has prepared the *Guidelines for the Prevention of Air Pollution* in accordance with international conventions and relevant laws and regulations, specifying the basic requirements for preventing air pollution from vessels as well as the exhaust gas management system and operational procedures. The Engine Department is responsible for overseeing the fleet's



full compliance with these requirements. The Master ensures the completeness and validity of the *International Air Pollution Prevention Certificate* and supervises the Chief Engineer and Chief Officer in implementing the relevant regulations. The Chief Engineer and Chief Officer are responsible for the practical execution of air pollution prevention measures.

Aiming to prevent air pollution and reduce emissions of sulfur oxides, nitrogen oxides, and other exhaust gases, the Company strictly manages fuel quality, anti-pollution equipment, and crew operations. At the same time, it actively explores advanced exhaust gas treatment methods and promotes the installation and retrofitting of desulfurization systems to further reduce emissions.

Fuel Oil Management

The Company strictly implements regional limits on the sulfur content of marine fuels in different parts of the world and has established standardized fuel changeover procedures to ensure that vessels use low-sulfur fuel upon entering emission control areas. Relevant log records are maintained to meet the requirements of inspections by port state control (PSC) and other supervisory authorities. In addition, equipment such as desulfurizing tower is used to further reduce SOX emissions.

Equipment Management

The Company conducts inspections and maintenance of shipboard air pollution prevention equipment. Such equipment has been surveyed in accordance with the requirements of the applicable international conventions or domestic ship inspection rules and has obtained the relevant air pollution prevention certificates. The use of ozone-depleting substances, or equipment containing such substances, is restricted; any such equipment, once removed, is sent to appropriate recycling facilities.

Operational Management of Personnel

The Company standardizes the operating practices of all engine room personnel, including requirements for effective separation and purification of fuel oil, as well as cleaning of the main engine and exhaust gas boiler air intake ducts, in order to control the level of exhaust emissions from machinery.

Ship Sewage Management

The Company has formulated control procedures such as the *Procedures for Preventing Oil Pollution* to standardize the handling and treatment of major types of shipboard wastewater, including oily wastewater and domestic sewage, thereby preventing oil, harmful liquids and other substances from polluting the marine environment.

Oily Wastewater

The Company exercises strict control over the discharge of oily wastewater by implementing shore-based monitoring and sealing management measures. The entire process—from generation, collection, storage to treatment of oily wastewater—is subject to standardized monitoring and control to ensure that all relevant parameters meet the discharge standards applicable at the place of operation. Alternatively, oily wastewater is collected using onboard collection systems and discharged to reception facilities, or handed over to qualified third-party service providers for treatment when vessels are berthed.

Domestic Sewage

The Company conducts regular inspections and maintenance of shipboard domestic sewage treatment systems on each voyage. Domestic sewage is treated by these systems and, provided that relevant discharge standards are met, is discharged during navigation in waters permitted under applicable laws and regulations. Alternatively, it is collected using onboard collection systems and discharged to reception facilities, or handed over to qualified third-party service providers for treatment when vessels are berthed.

Ballast Water

The Company has established *Ballast Water Management* procedures. In accordance with the discharge requirements set out in the *International Convention for the Control and Management of Ships' Ballast Water and Sediments* (BWM Convention), ballast water treatment systems have been installed on vessels operating on international routes. The Company strictly follows ballast water treatment operating procedures to prevent environmental pollution caused by improper ballast water management.

Management of Wastes

In accordance with the *International Convention for the Prevention of Pollution from Ships* (MARPOL) and relevant regulations of the flag state, the Company has developed and implemented systems such as the *Garbage Management Plan* to standardize all aspects of waste classification, storage, and disposal. A comprehensive management system has been established, with the Maritime Department responsible for supervising compliance with waste management requirements. The Master, Chief Officer, Chief Engineer, and other personnel collaboratively manage onboard waste to prevent pollution incidents and strive to minimize waste generation.

To achieve standardized management of vessel waste and protect the marine environment, the Company has established the following waste management objectives: By systematically standardizing the classification, storage, and disposal processes for domestic sewage and various types of waste, the Company ensures that all waste is properly handled, resolutely preventing pollution of the marine environment. To accomplish these objectives, the Company has developed a comprehensive waste management system and procedures.

Shipboard Waste Disposal Measures

Compliant Disposal

The Company has equipped its vessels with appropriate waste disposal facilities, such as incinerators, food waste disposers, and waste shredders, to handle different types of waste. Waste is treated through incineration, crushing, grinding, or compact storage, with detailed records maintained including date and time information. During the storage period, vessels are regularly cleaned and disinfected, fire-fighting equipment is provided, and management and inspections are strengthened. After berthing, ship-generated waste is fully sealed, transferred, and received by qualified port reception facilities for proper disposal.

Daily Management

For onboard personnel, the Company regularly conducts training on the shipboard *Garbage Management Plan* and the use of onboard pollution prevention equipment. By implementing the procedures of the garbage management plan and properly utilizing onboard waste treatment facilities, the environmental impact of ship-generated waste is minimized. In addition, the Company conducts multiple shipwide self-inspections on pollution prevention, covering areas such as sulfur oxide emissions, use of electrical equipment, fuel and domestic waste, general garbage, and hazardous materials management. These inspections ensure that no pollution incidents or non-compliant waste handling occur.

Hazardous Materials Management

The Company has established control procedures such as *Maintenance and Monitoring of Asbestos-Containing Materials and Other Hazardous Substances on Board*, which include a detailed Inventory of Hazardous Materials (IHM) for its vessels. Drawing on extensive industry experience, the Company identifies all hazardous and potentially hazardous materials on board, including asbestos. Through measures such as awareness, prohibition, control, and training, the Company ensures the proper and compliant handling of various shipboard hazardous materials, effectively minimizing their adverse impacts on the environment, health, and safety. During the Reporting Period, all hazardous waste generated onboard was entrusted to third parties for transfer and disposal.

Waste Discharge Overview

Key Metrics	Unit	2025
Hazardous Waste Generated	m ³	423.44
Non-Hazardous Waste Generated	m ³	2,031.61
Total Waste Discharged into Sea	m ³	1,392.46
Total Waste Recycled Onshore	m ³	1,044.16

Note:

1. Non-hazardous waste primarily includes food waste, domestic waste (excluding oily rags), edible oil, operational waste, animal carcasses, fishing gear, and cargo residues that are harmless to the marine environment, all generated by the Company's operating vessels.
2. Hazardous waste primarily includes plastics, domestic waste (including oily rags), incinerator ash, electronic waste, expired medicines, and cargo residues that are harmful to the marine environment, all generated by the Company's operating vessels.



Optimizing Resource Utilization

Water Resource Management

To actively implement the concept of sustainable development and reduce reliance on and consumption of external freshwater resources, all vessels operated by the Company are equipped with seawater desalination systems, which convert seawater into potable water meeting drinking standards, effectively supplementing the onboard domestic water supply.

While focusing on investments in hardware facilities, the Company also places great emphasis on cultivating a water-saving culture among all employees. Staff are guided to develop good water conservation habits and are encouraged to actively participate in optimizing the use of water resources on board, ensuring that every employee becomes a proactive practitioner of water conservation.

Water Consumption

Metrics	Unit	2024	2025
Total Water Consumption	ton	31,336.49	34,301.11
Office Water Consumption ¹	ton	1,155.24	925.71
Water Consumption Intensity	t/RMB 1 million (revenue)	8.56	7.72

Materials Management

The Company has established systems such as the *Ship Material and Spare Parts Management System* to comprehensively standardize the management processes for the application, storage, use, and recycling of materials. This ensures that vessels maintain an adequate quantity and quality of materials, spare parts, and documentation, providing a solid foundation for the normal operation of machinery, electrical, power, and navigation/communication equipment. Such management safeguards the continuity and stability of vessel operations, meeting operational and safety requirements through efficient resource management.

Material Request and Warehousing

- Vessels submit material requisition forms in accordance with the application procedures, which, after review, proceed to procurement through tendering.
- Upon delivery of supplies to the vessel, relevant personnel check and verify the items and promptly record their receipt and storage.

Routine Maintenance of Materials

- Appropriate labels indicating material information are created for various materials and spare parts, which are then properly stored in the designated storage areas.
- Appropriate labels indicating material information are created for various materials and spare parts, which are then properly stored in the designated storage areas.

Material Quality Feedback

- Any material quality issues identified during use are reported, and, based on the actual situation, the supplier is contacted for after-sales service or internal inspections are conducted to prevent similar issues from recurring.

Management of Obsolete Materials

- Spare parts and materials retired during vessel operations are managed through standardized storage and recycling procedures, enhancing asset utilization and preventing asset loss.

¹ The scope of office water consumption statistics covers office premises where the company independently bears the water expenses and where separate metering conditions are available. For certain leased office locations, due to the specific property management arrangements, separate water consumption data is currently unavailable.

Biodiversity Conservation

Amid growing global awareness of ecological protection, the Company recognizes the strategic significance of biodiversity for the marine and broader global ecosystems. In response, it actively aligns with international, domestic, and industry initiatives and conventions on biodiversity conservation. The Company has established a sustainable development management framework centered on the Board of Directors and the ESG Working Group, which oversees environmental management, including biodiversity protection. The Engine Department and Maritime Department jointly implement biodiversity protection measures. Additionally, the company has established compliant procedures such as the *Ballast Water Management Procedures, Guidelines for the Prevention of Environmental Pollution, and Guidelines for the Prevention of Oil Pollution*. The Company actively engages in biodiversity protection practices and implements relevant measures.

The Company strategically examines the close relationship between biodiversity and its business operations, actively identifying environmental factors and risks in shipping activities that may adversely affect marine biodiversity. Identified risks are assessed, and targeted mitigation measures are developed, including—but not limited to—ballast water management, enhanced oil spill prevention, and optimization of vessel coatings. These efforts aim to minimize the negative impact or disruption of daily operations on the marine ecosystem, effectively safeguarding the marine environment and demonstrating the Company's commitment to environmental stewardship.

Strict Ballast Water Management

The Company equips its vessels with comprehensive ballast water management systems and ensures their functional reliability through both regular and ad hoc inspections and maintenance. To minimize the risk of biological invasions at the source, vessels routinely measure and inspect ballast water to ensure water quality meets environmental standards. Operations such as ballast water intake, discharge, transfer, and exchange are strictly regulated to ensure compliant handling during navigation, preventing the abnormal migration of marine organisms. In accordance with the requirements of the International Maritime Organization (IMO) Ballast Water Management Convention, the Company strictly follows ballast water treatment operating procedures and has installed ballast water treatment systems on vessels operating on international routes to reduce the environmental impact of ballast water on the marine ecosystem. By the end of 2025, 53 vessels operating in overseas waters and 3 vessels operating on both domestic and international routes had been equipped with ballast water treatment systems.

Strengthening Oil Spillage Emergency Response Capability

The Company has established guidelines and procedures, such as the *Guidelines for Emergency Response to Accidental Oil Spillage*, continuously improving its oil spillage emergency response mechanisms and processes. Oil spillage recovery and treatment equipment is appropriately allocated, and emergency drills are actively conducted to ensure rapid response in the event of an oil spillage, effectively controlling and minimizing the impact of oil pollution on the marine environment.

Optimizing Ship Coatings

In accordance with relevant IMO regulations, the Company strictly prohibits the application, reapplication, installation, or use of harmful antifouling systems on board and has obtained the necessary antifouling system certificates to prevent harmful substances from impacting the marine environment. In addition, the Company promotes the use of ship hull paints that prevent marine biofouling and conducts underwater inspections around the hull using cameras, with regular hull cleaning performed to prevent the abnormal migration of marine organisms.

Optimization of Routes

The Company actively adopts routes recommended by maritime authorities and optimizes route management to protect the marine ecosystem. By avoiding fishing zones and areas of biological habitat and reproduction, and taking into account the seasonal migration patterns of marine organisms, the Company incorporates biodiversity risk assessments into route planning, effectively reducing the impact of shipping activities on the ecosystem.



Digital Intelligence-Driven, Collaborative Value Creation

Highton Development leverages digital intelligence capabilities to continuously optimize customer service and supply chain management. We focus on maintaining a safe and reliable operational environment and are committed to growing together with our partners, building a sustainable business ecosystem.

Comprehensive Digital Intelligence Development

Data Security and Privacy Protection

High-Quality Customer Service

Responsible Supply Chain





Comprehensive Digital Intelligence Development

The global shipping industry is entering a critical phase of informatization and digital transformation, with information and digital technologies becoming key drivers for high-quality development. Based on its strategic positioning and development needs, the Company actively explores new development paths centered on “digitalization + shipping”, continuously improving internal management systems and information governance frameworks. The Company is committed to achieving full digitalization and intelligence in both business operations and internal control management.

Governance

The Company deeply integrates digital development with its corporate strategy, strictly following the overarching principle of “unified planning, unified standards, distributed implementation, and gradual refinement” in the construction of information systems. Centered on the IT strategic objective of leveraging technology to empower business, the Company focuses on supporting business growth, enhancing management efficiency, and deepening data analytics as key priorities. The Digital and Intelligent Management Center, as the leading department for digital development, is responsible for overall planning, project initiation, standards formulation, resource coordination, and unified management. All business departments actively participate in system requirements analysis and process optimization. By promoting policy development and establishing a data analytics and performance indicator framework, the Company clarifies and strengthens each department’s responsibilities in digital transformation.

Strategy

Type of Risk/ Opportunity	Description of Risk/Opportunity	Explanation of Financial Impact	Impact Duration	Impact on Value Chain	Response Measures
Technological Risks	Digital transformation requires substantial investment in intelligent vessels and system development, and may face technical integration challenges such as accelerated external technology iteration cycles, compatibility between new and legacy systems and inconsistent data standards.	Cost increase	Short- to medium-term	Operations	Follow the principle of “unified planning, unified standards, phased implementation, and gradual refinement”. The Digital and Intelligent Management Center leads unified management, develops the <i>Digital Transformation Planning Program</i> , and sets clear phased objectives to minimize technology iteration cycles and mitigate technical risks.
Operational Opportunities	By integrating operational data from domestic-shipping, foreign-shipping, finance, and external markets, and building analytical models, the Company can optimize route planning, fuel procurement, and other operations, thereby improving operational efficiency.	Reduction in cost	Operations	Operations	Deploy beacon systems to integrate ship-to-shore data, continuously develop and upgrade intelligent systems such as spare parts management, and introduce technologies including radio frequency identification device (RFID), robotic process automation (RPA), and large language models to enhance management efficiency.
Technical Opportunities	By building an enterprise data platform, operational data can be unified and standardized to create reusable data assets. On this basis, a data analytics platform and intelligent application scenarios can be established, enabling value conversion from data accumulation to operational insights.	Reduction in cost	Operations	Operations	Deepen the integration of existing systems, with cross-departmental process collaboration at the core. Establish unified data standards and process protocols, and promote standardized application of information to support intelligent scenario deployment.

Impact, Risk, and Opportunity Management

Since 2018, the Company has continuously invested in information system development, including the application, upgrading, and iterative enhancement of systems for financial management, onboard management, RFID on spare part management, operational system upgrades, system security, RPA, and digital dashboards.

The Company has implemented key initiatives in intelligence and security to ensure data protection and refined management throughout the digital transformation process, providing a solid foundation for sustainable development. Building on the onboard management system, a system for RFID on spare part management has been introduced to streamline onboard spare parts handling, improve operational efficiency, and enable real-time monitoring and precise management of vessel spare parts inventory by both shipboard and shore-based teams, effectively reducing inventory levels and optimizing capital utilization. The application of RPA automates numerous tedious and repetitive tasks, transforming work processes and allowing personnel to focus on critical tasks, thereby enhancing overall work efficiency.



Metrics and Targets

Through digital enablement, the Company provides strong support for its business strategy, driving continuous optimization and innovation of existing operations while exploring new business areas and market opportunities. In 2025, guided by the overall objectives of digital development and with data standardization and sharing at its core, the Company advanced the integration of business and finance, connecting the digital chain of vessels and crew through closed-loop business processes and traceability, thereby laying a solid foundation for refined operations.

2025 Digital Construction Goals (Partial)

Planned Construction System	Planned Objectives	Completion Status in 2025
Crew Management System	<ul style="list-style-type: none"> Support scientific management and dynamic allocation of the crew pool; Establish a full-process business management loop for crew, providing systematic management from recruitment to payroll; Enable automated management of crew interviews, certificate expiration warnings, and other tasks. 	Achieved
Customer Relations Management System	<ul style="list-style-type: none"> Integrate with the business data lake to reduce partnership risks; Improve customer information data, establish customer service profiles, understand customer needs, and enhance customer satisfaction; Share customer resources across departments to provide data support for coordinated business operations. 	Achieved
Bidding System Upgrade	<ul style="list-style-type: none"> Optimize downstream multiple-quote management, bid evaluation, and supplier rating functions on the bidding platform; Enable mobile approval of bidding operations and SMS notifications. 	Achieved
Administrative Inventory System	<ul style="list-style-type: none"> Systematize the procurement and usage of office and administrative supplies; Provide comparative data analysis across different stages. 	Achieved
Insurance System	<ul style="list-style-type: none"> Systematize the Company's insurance operations and establish end-to-end management from insurance contracts to premium payments. 	Achieved
Spare Parts Supermarket System Deployment	<ul style="list-style-type: none"> Deploy RFID systems and complete system deployment on returning vessels; Enable automated onboard management within the vessel management system, including spare parts inventory, inbound, and outbound operations. 	Deployed on 39 vessels
Customer System Rating	<ul style="list-style-type: none"> Deepen customer rating classification in operations through systematic rating categories. 	Achieved
Enhanced Dashboard System	<ul style="list-style-type: none"> Optimize the data dashboard, add business dashboards for the Foreign Trade and Shipping Center and the Human Resources and Administration Center, and transit from two-dimensional tables to visually rich, trend-oriented dashboards. 	Achieved
RPA Upgrade	<ul style="list-style-type: none"> Upgrade existing RPA tools to support automated external data collection; Introduce additional automated workflows to enable partial automation of manual tasks. 	Achieved

Key Performance

As of the end of the Reporting Period, the Company had completed **36** digital development projects, with **4** digital projects still under construction.



Data Security and Privacy Protection

The Company places great importance on data security and privacy protection. Safeguarding the security of shipboard networks and equipment is critical to the normal and efficient operation of shipping activities, helps ensure the smooth execution of voyage plans, and prevents the leakage of sensitive information. Strengthening security protection capabilities is central to the Company's ability to effectively respond to cyber threats and to build a robust security emergency response framework.

Governance

The Company strictly complies with laws and regulations such as the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, and has formulated internal policies including the *Highton Development General Principles for Information Management* and the *Highton Development Information System Security Management Policy*, thereby comprehensively strengthening the secure management and control of data assets. In terms of division of responsibilities, the Company manages information security in a tiered structure. The Board of Directors oversees major data security management matters, while the General Manager is responsible for reviewing, evaluating, and deciding on such matters to ensure that information system development and security initiatives effectively support the Company's strategy. The Digital and Intelligent Management Center is responsible for the construction, operation, maintenance, and security protection of information systems, ensuring stable equipment operation, preventing data leakage and loss, and continuously advancing system and network optimization and upgrades. System application departments are responsible for closely aligning system planning with business objectives, ensuring that systems operate securely, reliably, and efficiently in practice, and that various issues are responded to and resolved in a timely manner. During the Reporting Period, the Company recorded no violations related to information security or privacy protection, and no incidents involving the leakage of customer privacy.



Network and Information Security Training

During the Reporting Period, the Company conducted information security awareness training for the Digital and Intelligent Management Center, enhancing employees' awareness of information security, their ability to respond to information risks, and strengthening the overall security defense. In addition, Company personnel attended professional information security training sessions organized by external service providers.

Key Performance

During the Reporting Period, the Company conducted **2** information security training sessions, with **35** participants in total. The total training duration was **70** hours, with an average of **2** hours per participant.

Strategy

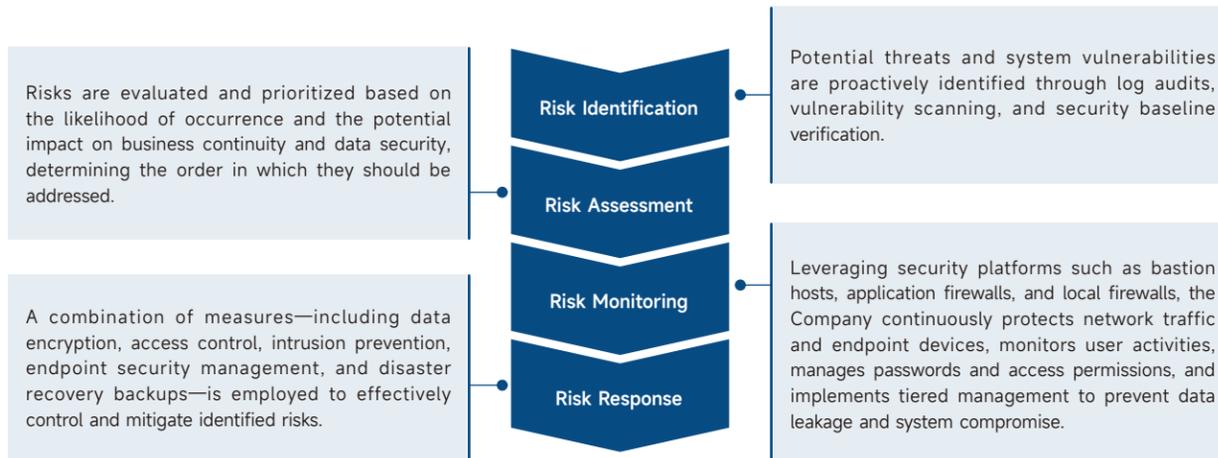
Type of Risk/ Opportunity	Description	Explanation of Financial Impact	Reporting Period	Impact on Value Chain	Response Measures
Technological Risks	The Company's information systems involve sensitive data such as vessel operations, customer contracts, and financial information. Without strict access control or in the event of an external attack, this could lead to data leakage or tampering.	Cost increase	Short- to medium-term	Operations Downstream	<p>Strictly enforce the access approval procedures outlined in the <i>Information System Management Policy</i>, requiring dual approval from both the business department head and the Digital and Intelligent Management Center for access allocation.</p> <p>Disable data export functions for all critical information systems; implement watermark tracking for certain systems to enable traceability of screenshots.</p> <p>Encrypt and securely process sensitive data and financial system code to prevent decryption or interception during operation.</p> <p>Use SSL/TLS encryption for data access and transmission.</p> <p>Control IDC access permissions through a bastion host mechanism, and enhance database management with role-based access control to strengthen oversight.</p>
Operational Risks	Some systems are deployed in vendor data centers, posing risks related to data migration or service dependency, and potential loss of data control due to third-party management vulnerabilities.	Cost increase	Short- to medium-term	Operations Downstream	<p>Following the priorities outlined in the <i>Digital Transformation Plan</i>, core business systems such as the Foreign-Shipping Management System and Financial System are migrated from vendor data centers to controllable public cloud environments, with additional security measures including bastion hosts and firewalls.</p> <p>Incremental daily backups of cloud-based systems are stored locally at Highton (e.g., on external hard drives), and full daily backups are validated for usability.</p> <p>Periodic information security audits are conducted to ensure compliance.</p>
Technical Opportunities	By integrating domestic-shipping, foreign-shipping, financial, and other data to build analytical models, the Company can optimize route planning, fuel procurement, and other operations, thereby improving operational efficiency.	Reduction in cost	Long-term	Operations	<p>Establish a company-level data warehouse that integrates domestic-shipping data (e.g., voyage contracts, port charges), foreign-shipping data (e.g., charter settlements, fuel procurement), and financial data (e.g., cost accounting, cash flow). Eliminate information silos and incorporate external third-party data to form a comprehensive corporate data asset package, enabling operational optimization in areas such as weather forecasting and route planning.</p>



Impact, Risk, and Opportunity Management

In terms of cybersecurity and management, the Company has developed a series of measures based on the implementation standards outlined in the Guidelines on Maritime Cyber Risk Assessment and Management System and tailored to its own circumstances. These measures are designed to protect ship and shore computer systems from cybersecurity threats, ensure their safe operation, and specify equipment recovery procedures in the event of an incident.

Risk Management Process



Information Security Emergency Management

The Company has developed detailed information security emergency response plans, specifying the response procedures, division of responsibilities, and concrete operational steps. In the event of a cybersecurity incident, immediate control measures must be taken, and the incident must be accurately reported and properly handled. Units that conceal, delay, or inadequately respond to incidents are subject to notification and accountability.

Additionally, the Company regularly conducts information security emergency drills and training to enhance employees' emergency response capabilities, practical skills, and awareness of information security, thereby strengthening overall prevention and protection measures.

Cybersecurity Emergency Drill

Case

During the Reporting Period, in response to the increasingly complex cyber environment and to enhance the Company's ability to handle unexpected cybersecurity incidents, Highton Development organized a cybersecurity and information security emergency drill. The drill aimed to test the effectiveness of the Company's cybersecurity emergency response plan, strengthen coordination among systems, improve the emergency handling capabilities of cybersecurity personnel, and ensure that in the event of a real incident, the Company can respond quickly and effectively, safeguarding business continuity and data security.



Network and Information Security Emergency Drills

Information Security Review

During the Reporting Period, the Company conducted **1** external information security compliance review (IT audit), identifying **13** areas for improvement, including enhancements to internal policies and procedures. The Company has completed the relevant corrective actions and optimizations, ensuring the compliance and effectiveness of information security management.

Metrics and Targets

Metrics	Goals	2025
Major Information Security Violations	0 case	0 case

Information Security Management Strategies

Information Security Management for Partners

The Company requires suppliers to comply with the relevant provisions of the *Information System Management Policy*. External developers must adhere to the Company's requirements for data encryption, access control, and other security measures. Before commencing work on-site, suppliers are required to sign the *Information Security Responsibility Agreement*, committing to protect Company data and prohibiting the disclosure of sensitive information, including customer information and business data. Upon project completion, supplier project access rights are revoked, and all project-related data is properly cleared.

Employee Change Security Management

In accordance with the relevant provisions of the *Detailed Rules for Information System Management*, employees who undergo job transfers must obtain corresponding system permissions via the System Permission Application Form approved by their department head. When an employee submits a Resignation Application Form and receives leadership approval, the system automatically revokes all of the employee's access permissions. In daily management, strict controls are applied to data export and other processes that may pose a risk of data leakage.

Data and Network Security

Equipment and System Security

Full Life Cycle Control of Equipment

The Digital and Intelligent Management Center sets procurement standards and coordinates purchases; installation and maintenance personnel supervise the process throughout; procedures and data are cleared prior to decommissioning.

System Access and Protection

Hardware is managed with tiered controls and clearly assigned responsibilities; systems are authorized based on role-based access, users set complex passwords and update them regularly; critical system codes are encrypted; branch offices access systems via VPN, with hardware/software firewalls in place and separate subnet segmentation implemented.



Data Security

Data Protection and Backup

Confidential information is encrypted; system data is regularly backed up, including server system image backups.

Data Transfer Standards

Data exchanged between systems is transmitted via standard APIs to prevent tampering; shared files are organized by department with controlled access, and cross-department access requires approval.

Network Security Protection

Daily Management Rules

Servers are accessed via "intranet + VPN"; shipboard computers are prohibited from installing or uninstalling unauthorized software.

Security Operating Measures

Network connections are regularly inspected; network devices are bound to specific zones and managed by segment; the mail server filters suspicious emails, and critical emails require multi-channel verification; USB and other external devices are locked on shipboard computers, and wireless device access to office computers is disabled; antivirus software and virus definitions are updated regularly; any shipboard network security issues are reported immediately.

Daily Strengthening Measures

Office Network Optimization

Additional firewalls installed and Layer-3 switches upgraded; office networks are segmented by functional departments, and access devices are managed by zone.

Server Protection

Application firewalls and bastion hosts are deployed to strengthen access control and enable operation traceability.

Shipboard Terminal Management

Responsibilities for shipboard computer management are clearly defined; regular cybersecurity training is conducted, monthly risk assessments are performed, and emergency response plans are developed.

Customer Privacy Protection

The Company attaches great importance to the protection of customer privacy. Through a dual mechanism combining institutional policies and system controls, the Company implements strict confidentiality management of customer information and continuously safeguards the security of customer data.

◆ At the institutional level, the Company has established clear management regulations covering internal employees, vendor personnel, and in-house development teams. All personnel are required to comply with unified policies, including signing confidentiality agreements and following strict access approval procedures, to ensure standardized management throughout the entire process from access to use of customer data.

◆ At the system level, the Company has embedded management closed loops into system design and application, enabling full-process control over permission application, approval, modification, and revocation. Through functions such as data compliance verification in testing environments, monitoring of on-the-job access rights, and automatic revocation of permissions upon employee departure, the Company ensures that customer information remains secure and controllable across all environments.

The above mechanisms apply to all internal personnel and external partners. Any violations will be dealt with seriously in accordance with their severity, and any suspected criminal acts will be referred to judicial authorities in accordance with the law.

High-Quality Customer Service

Governance

The Company adheres to the service philosophy of "Creating value for customers and realizing dreams for strivers", focusing on domestic coastal and international ocean-going dry bulk cargo transportation. To enhance the standardization of customer management, the Company has established a series of policies, including the *Domestic Trade and Shipping Center Management System* and *Foreign-Shipping Business Processes*, which clearly define the specific content and procedures for customer management. The Board of Directors is responsible for approving key strategies and policies related to customer service and oversees decision-making on major matters such as service quality management. The Domestic Trade and Shipping Center, Foreign Trade and Shipping Center, and Marketing Center are respectively responsible for formulating and implementing the Company's medium- and long-term maritime market strategies for domestic-shipping and foreign-shipping business, ensuring continuity and stability of business operations. The Ship Management Center, Finance Department, Foreign Trade and Shipping Center, and Domestic Trade and Shipping Center coordinate across departments to meet differentiated customer needs and drive the Company's sustainable, high-quality development.

Strategy

Type of Risk/ Opportunity	Description	Explanation of Financial Impact	Reporting Period	Impact on Value Chain	Response Measures
Operational Risks	If the Company fails to ensure timely transportation or experiences service issues such as cargo damage or loss, it may need to compensate customers and could even face customer attrition.	Cost increase Income decrease	Short-term	Operations Downstream	In line with the characteristics of the dry bulk shipping industry, establish corresponding management systems and procedures, build a more comprehensive shipping network, and upgrade vessel management and fleet deployment capacity to continuously improve operational efficiency. Enhance personnel quality through customer service, business operations, and etiquette training.
Reputation Risks	If the Company fails to respond to and address customer feedback in a timely manner, and does not understand or meet customer needs, customer satisfaction may decline, hindering the establishment of long-term partnerships.	Income decrease	Long-term	Operations Downstream	Business departments monitor the service process and respond promptly to customer feedback to ensure service meets customer needs. Customers can provide feedback and suggestions through multiple channels, and these inputs serve as the core basis for service optimization and upgrades, continuously driving service improvement and earning recognition and trust from key clients.
Operational opportunities	By providing more efficient and high-quality services, the Company can attract more customers, generate additional business opportunities, and help expand market share.	Income increase	Long-term	Operations Downstream	Leverage intelligent and digital transformation initiatives to continuously optimize customer service management, enhance operational efficiency, and drive ongoing business innovation, delivering high-quality services that align with customer needs.



Impact, Risk, and Opportunity Management

The Company continuously optimizes shipping business processes, covering key areas such as marketing, contract drafting, route operations, and cargo loading/unloading handovers, enabling systematic tracking and control of the entire transportation process. To strengthen business risk prevention, the Company has established a customer credit evaluation system, comprehensively assessing clients across multiple dimensions, including business scale, performance capability, cooperation level, emergency response, and problem-solving ability, and implements tiered customer management based on these evaluations. By promoting standardized operations and refined risk management, the Company has effectively improved vessel turnover efficiency, strengthened market competitiveness, and achieved steady growth in economic performance, providing a solid foundation for the long-term, stable development of its shipping business.

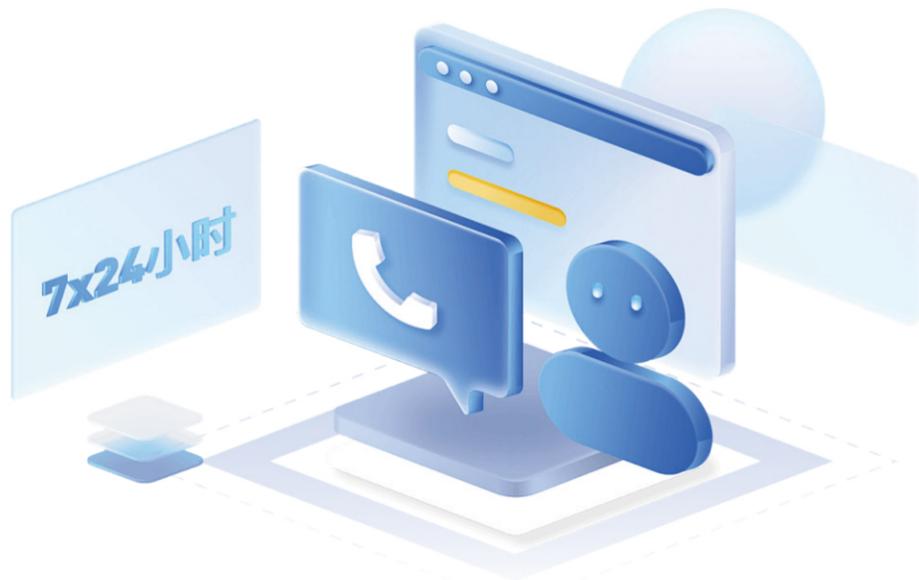
Metrics and Targets

The Company's business departments monitor service processes and gather customer feedback to ensure that services meet client requirements. Customer satisfaction surveys are conducted regularly, proactively identifying and addressing issues, with the aim of continuously fulfilling customer needs.

The Company sets customer satisfaction as a key performance objective, ensuring prompt and effective responses to customer requests to meet their differentiated needs. Customer complaints are used as an important metric for evaluating customer service performance.

Key Performance

During the Reporting Period, the Company issued a total of **58** customer satisfaction surveys, achieving a customer satisfaction rate of **97.85%**.

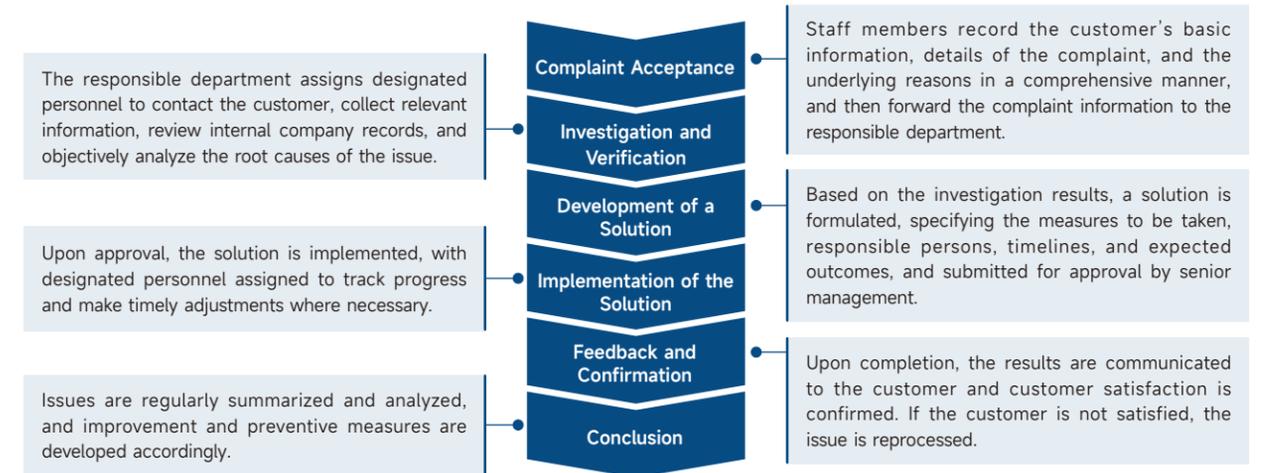


Customer Service Management

Handling of Customer Complaints

The Company has established a comprehensive customer complaint handling mechanism, through which customers may submit complaints via WeChat, email, telephone, written correspondence, and other channels. In the event of an emergency involving a vessel, the relevant departments are required to respond within two hours, promptly report and communicate information, and, within one day after the incident occurs, organize and coordinate internal and cross-departmental resources to develop an emergency response plan.

Customer Complaint Handling Process



Key Performance

During the Reporting Period, the customer complaint resolution rate reached **100%**, and the timely handling rate of customer complaints was **100%**.

Enhancement of Customer Satisfaction

We continuously optimize customer service management, driving improvements in operational efficiency and service quality. The Company's business departments monitor service processes and conduct targeted follow-up and analysis of customer feedback to ensure customer issues are resolved and their needs are consistently met.

The Company strengthens the professional capabilities of its shore-based management teams to build a solid talent foundation; advances standardization to improve full life-cycle management of vessel supplies and spare parts; and reinforces system implementation, focusing on proactive risk prevention, hazard identification and mitigation, and the development of emergency response mechanisms. Through these efforts, the Company establishes a closed-loop safety management system, comprehensively enhancing service capabilities and the level of safe and reliable operations.

Measures to Enhance Customer Satisfaction

To deepen strategic partnerships with key clients, we have established a key account service mechanism. Through regular customer and market visits, the Company strengthens communication with clients, gains deeper insights into their needs, enhances the depth of cooperation, increases client loyalty, and expands its base of key accounts.

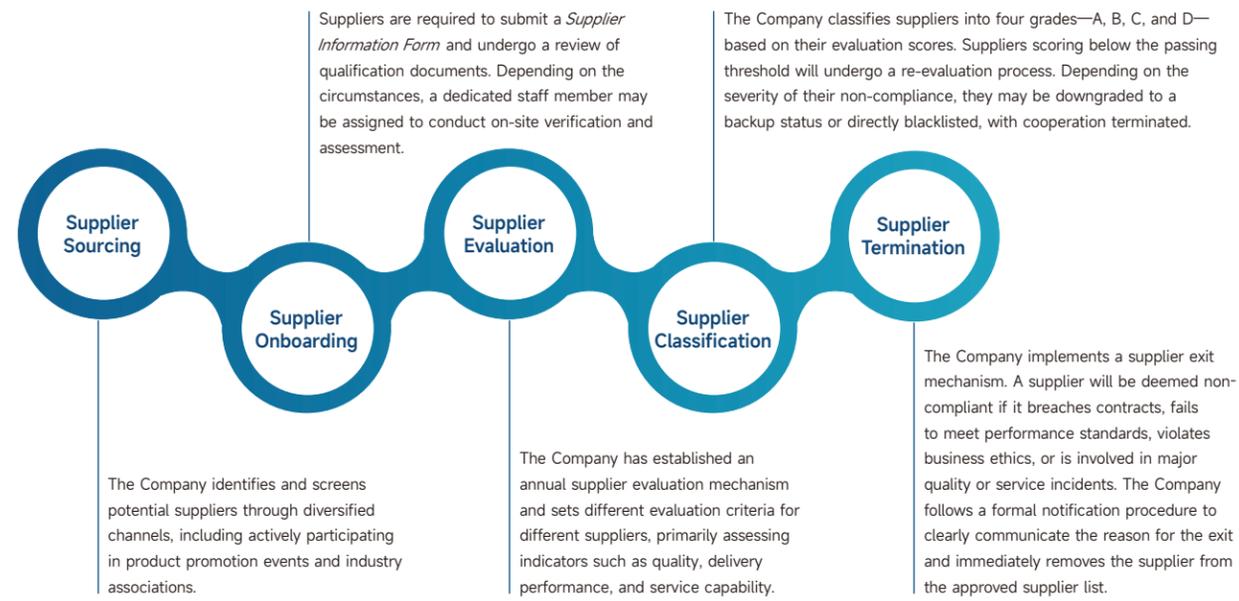


Responsible Supply Chain

Supplier Management

The Company has formulated the *Supplier Management Measures*, with the Procurement Department taking the lead in managing suppliers. These measures standardize the entire supplier management process, foster a fair, just, and transparent procurement environment, and ensure the efficient and stable operation of the supply chain.

Full Lifecycle Management of Suppliers



Supplier Situation

Key Metrics	Unit	2024	2025
Total Number of Suppliers	Units	940	988
Supplier Review Coverage Rate	%	100	100

Procurement Management

To establish a standardized and transparent procurement system, Highton Development has formulated and implemented a series of management regulations, including the *Foreign-Shipping Oil Procurement Process Standard* and the *Office Supplies Procurement System*, which systemically regulate procurement processes and detailed implementation rules. At the same time, the Company strictly governs the conduct of procurement personnel, explicitly prohibiting any abuse of authority for personal gain, ensuring that procurement activities are conducted fairly and with integrity.

The Company's Vessel Operations Procurement Platform and Domestic-Shipping Supplier Bidding Platform are now in operation. The Vessel Operations Procurement Platform comprehensively covers procurement needs for vessel-end supply chain, spare parts,

Equal Treatment of Small and Medium-Sized Enterprises

The Company consistently adheres to the principle of fairness in its business dealings, treating all small and medium-sized enterprise (SME) partners equally and striving to build long-term, stable cooperative relationships. During the Reporting Period, the Company did not have any instances of overdue payments to SMEs.

Joint Progress in the Industry

By actively participating in various industry activities, the Company continuously absorbs advanced practices, shares insights and experiences in the shipping industry, and enhances its brand influence and industry visibility. At the same time, we actively explore potential markets and collaborate with industry partners to build cooperative platforms, aiming to create greater value for our clients.

Breakbulk Europe



From May 13 to 15, 2025, Highton Development participated in the Breakbulk Europe (BBK) held in Rotterdam, the Netherlands. During the exhibition, the team engaged in in-depth exchanges with global shipowners, cargo owners, and industry partners, presenting a professional and open image. This effectively enhanced the Company's international brand influence and showcased the strength and capabilities of Chinese shipping enterprises to the world. Moving forward, Highton Development will continue to uphold an open and cooperative approach, working hand in hand with global partners to explore new horizons in maritime logistics.

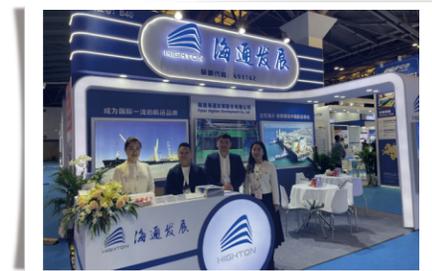


Breakbulk Europe Exhibition

World Breakbulk Expo



From March 6 to 7, 2025, Highton Development participated in the 2025 World Breakbulk Expo (WBX) in Shanghai. During the event, the Company's booth attracted numerous domestic and international clients for discussions and negotiations. This participation effectively enhanced the Company's brand influence in the international breakbulk shipping sector and laid a solid foundation for subsequent global market expansion.



World Breakbulk Expo



Harmony and Safety, Creating a Better Future Together

Highton Development values the realization of employee potential and has established comprehensive platforms for training and career growth, enabling employees to gain development and recognition alongside the Company's long-term progress. The Company upholds safety as a bottom line, deeply cultivates end-to-end safety management, and strengthens safety safeguards across all shipping operations to ensure stable business performance. At the same time, it actively fulfills social responsibilities, adheres to the principles of sustainable development, and collaborates with partners to build a healthy business ecosystem. Through concrete actions, the Company contributes to industry advancement and social development, demonstrating corporate responsibility.

Navigation Safety Management

Protecting Employees' Rights and Interests

Contribution to Society





Navigation Safety Management

Highton Development pays close attention to the physical and mental well-being of its employees, with particular focus on the unique working environment of seafarers. The Company has established a comprehensive system of management regulations, clearly defining safety responsibilities at all levels and implementing measures to safeguard physical and mental health. It continuously optimizes occupational health management for both shore-based staff and crew, and steadily improves preventive mechanisms and protection systems, creating a safe, healthy, and stable working environment that effectively safeguards the well-being of every employee.

Governance

Safety Management System

The Company adheres to the safety philosophy of "Cherish life and respect the ocean" and implements the safety and environmental protection policies of "Safety First, Health and Environmental Protection, People-Oriented, and Continuous Improvement". In compliance with the *International Convention for the Safety of Life at Sea (SOLAS)* and the *Law of the People's Republic of China on Work Safety*, the Company has formulated multiple management regulations, including: *Navigation in Shallow and Restricted Shallow Waters, Guidelines for Anti-Piracy, Terrorism, and Stowaway Incidents, Health Supervision Procedures, Shipboard Medical Assistance Instructions, and Regulations on Work Arrangements and Rest Periods Onboard*. These measures ensure sufficient resource allocation and professional shore-based support for vessel operations, effectively creating a safe, healthy, and high-quality working environment for all employees.

Board of Directors

The Board of Directors serves as the highest leadership and decision-making body for safety management. It is responsible for approving the Company's overall safety policies, strategies, and objectives, and for reviewing and deciding on major safety matters.

General Manager

The General Manager is the primary person responsible for safety, tasked with formulating safety policies, approving the safety management system, ensuring resource allocation, and supervising and incentivizing safety management practices.

Departments

Marine Department oversees vessel navigation safety, pollution prevention operations, and emergency drills; responsible for meteorological navigation, cargo stowage, and responses to Port State Control (PSC) inspections.

Engine Department ensures the safe operation of shipboard mechanical and electrical equipment, manages maintenance, spare parts supply, and the validity of technical certificates.

Crew Department ensures crew competency, organizes safety training and assessments, handles crew disputes, and coordinates personnel during emergencies.

In 2025, the Company conducted a comprehensive review of key aspects of the system, including policy implementation, fleet audits, and document control. Based on the evaluation, the Company's SMS was confirmed to comply with the *International Safety Management (ISM) Code*, fully covering vessel safe operation and pollution prevention procedures. The Company's safety policies and objectives were effectively implemented, and safety and anti-pollution activities were largely in line with documented requirements, demonstrating that the system continues to operate effectively.

Safety Supervision and Management

To fully implement the primary responsibility for work safety the Company has formulated the *Management Procedure for Implementing the Work Safety Responsibility System for All Employees*. This procedure aims to clarify and publicly communicate the work safety responsibilities of all personnel involved in safety and pollution prevention within the system. By providing comprehensive and effective support and safety assurance for the Company's vessels, it continuously enhances employees' awareness of work safety, professional skills, operational competence, and emergency response capabilities. Accordingly, the General Manager, shore-based staff, captains, and crew members are all required to sign the *Work Safety Responsibility Statement* to ensure that the Company's work safety policies and guidelines are effectively implemented and enforced.

Safety Training and Education

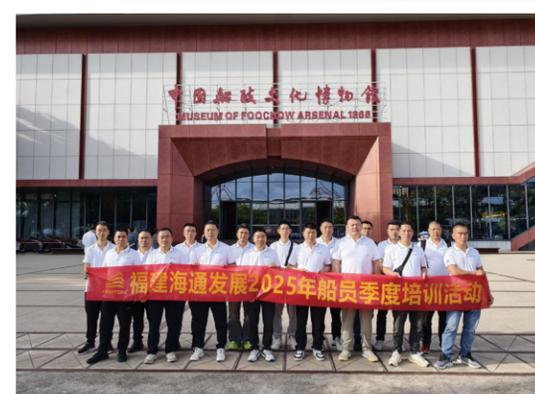
The Company has established a training management system and dynamically updates the *Annual Shipboard Training Plan* and *Annual Shore-based Training Plan* to ensure coverage of all shore-based personnel and crew. Captains and department heads organize relevant training in accordance with actual operational conditions. At the same time, the Company strictly implements the *Crew Assessment, Designated Promotion, and Training Needs Procedure*, evaluating training effectiveness through regular assessments and on-site questioning, identifying gaps between employees' actual capabilities and safety management requirements, and developing targeted enhancement training programs accordingly.

During the Reporting Period, the Company organized multiple planned training sessions on safety laws, regulations, and international certifications, covering key areas such as the *International Safety Management (ISM) Code*, *International Ship and Port Facility Security (ISPS) Code*, and the *Maritime Labour Convention (MLC)*. The training aimed to enhance crew compliance, operational safety, and risk prevention capabilities. By combining training with recognition programs for outstanding crew members and vessels, the Company further strengthened the construction of a safety culture, effectively guiding all personnel to follow standardized operating procedures and ensuring the safety of maritime operations.

Safety Awareness Training



In November 2025, the Company organized its crew to participate in a safety awareness training conducted by Fujian Chuanzheng Communications College, Fuzhou Maritime Safety Administration, and Fuzhou International Crew Club. During the training, crew members learned about the risk characteristics and collision avoidance measures for commercial and fishing vessels, and mastered the operational procedures of the Ship Dynamic Monitoring System. The training effectively enhanced their ability to identify risks and respond to emergencies in real operational scenarios.



Crew Safety Training



Safety Training Overview

Key Metrics	Unit	2025
Number of Safety Training Sessions	Sessions	356
Number of Participants in Safety Training	Training participants	1,027
Number of Participants in Safety Training	Person	319
Total Training Hours	Hour	1,205
Average Production Safety Training Hours per Employee	Hours/Person	3.78
Employee Coverage Rate in Safety Training	%	100

Safety Certification

As of the end of the Reporting Period, the Company has obtained the Document of Compliance (DOC) issued by relevant authorities including the Maritime Safety Administration of the People's Republic of China, the Panama Flag State, and the Marshall Flag State. All applicable vessels have also obtained the Safety Management Certificate (SMC), achieving full standardization and regulated operation of the safety and pollution prevention management system.

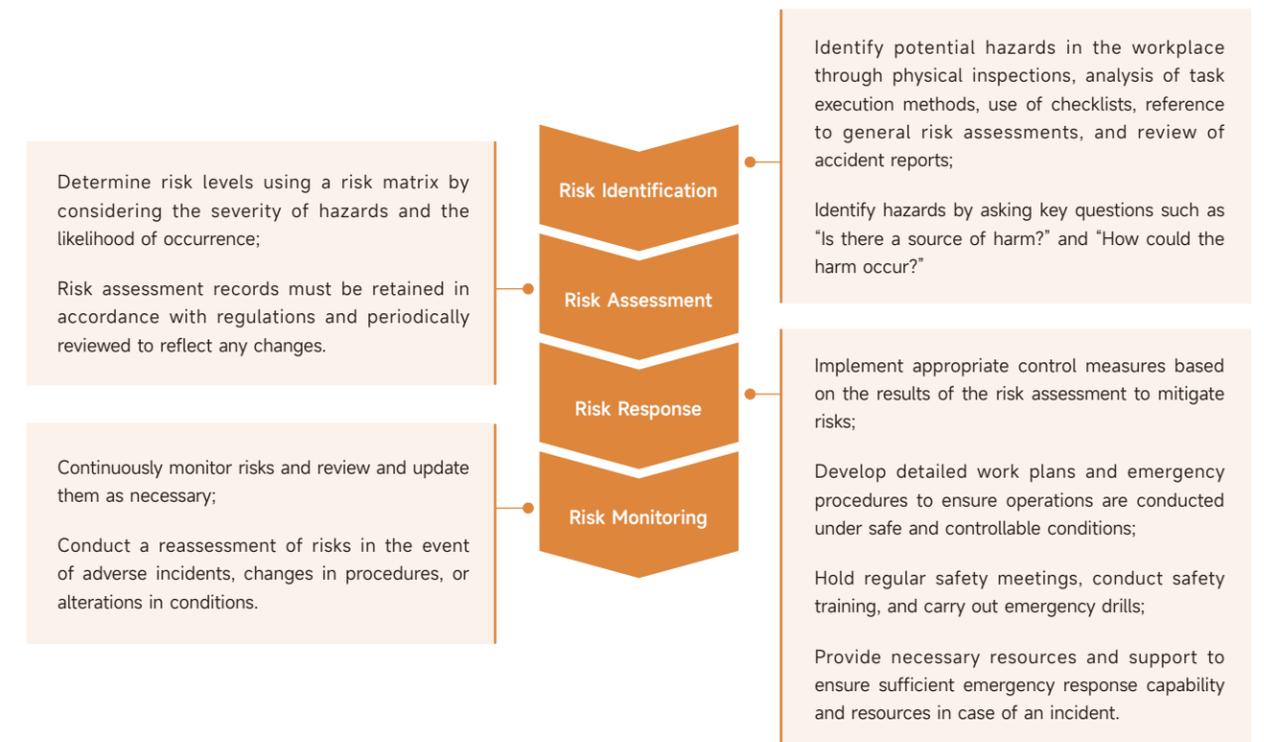
Strategy

Type of Risk/ Opportunity	Description	Explanation of Financial Impact	Impact Duration	Impact on Value Chain	Response Measures
Legal Risks	In the event of a safety incident, the Company may face risks such as compensating relevant parties or damage to transportation assets.	Cost increase	Mid-term	Operations	Continuously improve the safety management system in accordance with laws, regulations, and relevant standards.
Operational Risks	The shipping industry faces multiple risks, including severe weather, natural disasters, vessel accidents, pirate attacks, and equipment failures, which can easily lead to safety incidents, resulting in vessel and cargo losses, compensation, and even business disruption.	Cost increase	Short-term	Operations Downstream	The Company has established comprehensive specialized management systems for various emergencies, clearly defining standardized emergency response procedures and key handling measures. It promotes the standardization, transparency, and regulation of emergency response mechanisms to ensure that emergency handling is systematic, efficient, and orderly.
Operational opportunities	Effective safety management can enhance the Company's reputation, attract more clients or investors, and thereby increase revenue or reduce financing costs.	Income increase	Medium and long-term	Operations Downstream	Promote the development of an intelligent safety management system; Focus on improving crew capabilities in operating smart devices and data analysis (e.g., COSCO Shipping Technology).

Impact, Risk, and Opportunity Management

Risk Assessment and Control

In the course of shipping operations, the Company may face risks such as cargo damage or loss due to force majeure events or human error. To enhance maritime operational safety and reduce the likelihood and severity of incidents, the Company has developed the *Risk Assessment and Control Procedure*. This document identifies, evaluates, and controls potential risks in key operational processes, continuously strengthening the Company's capacity to ensure safe transportation.



Safety Inspections and Hazard Identification

The Company has formulated the *Management Procedure for Preventing Recurrence of Deficiencies Identified in PSC and Other Inspections* to address vessel deficiencies and non-conformities identified during Port State Control (PSC) inspections and by other regulatory authorities. By establishing standardized processes for deficiency analysis and corrective verification, the Company ensures that all issues are effectively rectified and prevented from recurring, thereby maintaining continuous compliance with safe operation and environmental protection requirements. The Company, using checklists developed based on international conventions and its Safety Management System, conducts systematic inspections of key areas on its vessels, including the bridge and engine room. Captains and other key personnel carry out pre-arrival self-inspections according to the *PSC Inspection Items Pre-Arrival Checklist* to ensure that all equipment and operations comply with regulatory and operational standards. In 2025, there were **182** PSC safety inspections, **33** FSC inspections, **63** internal vessel audits, and **45** external vessel audits.



Safety Emergency Management

The Company has established procedures such as the *Company Emergency Response Procedure* and the *Onboard Emergency Response Guide and Training Manual*, which clearly define handling protocols for various vessel emergencies, including fires, oil spillage, and groundings. These procedures provide guidance for different emergency scenarios, and continuous training is conducted to strengthen crew emergency response capabilities, ensuring safe navigation.

During the Reporting Period, the Company implemented its annual drill plan, organizing joint ship-to-shore and shore-based emergency exercises to continuously test emergency resource allocation, personnel coordination, and overall response capabilities. These activities aim to enhance both emergency preparedness and safety awareness simultaneously. In 2025, the Company conducted **7** ship-to-shore safety emergency exercises.

Metrics and Targets

The Company has established the safety goal of “Zero Accidents, Zero Injuries, Zero Pollution” and regularly tracks progress to ensure operational safety, employee health, and environmental protection. In 2025, the Company continued to strengthen safety production management, and no major safety production accidents occurred throughout the year.

Navigation Safety Metrics

	Key Metrics	Unit	2024	2025
Work Safety	Investment in Work Safety ²	in RMB 10,000	11,072.90	18,632.34
	Number of Work-Related Deaths ³	Person	0	0
	Total Number of Work-Related Injuries	Person	0	0
	Lost Days due to Work-Related Injury	Working Days	0	0
	Lost Time Injury Rate (per Million Hours)	%	0	0
	Lost Time Injury Frequency Rate (LTIR, per Million Hours)	%	0	0
	Number of Ship-to-Shore Safety Emergency Drills	Session	10	7
Occupational Health	Investment in Work-Related Injury Insurance	in RMB 10,000	8.74	11.10
	Hull and P&I Insurance Coverage Rate (Including Crew Personal Injury)	%	100	100
	Percentage of Special Operators Licensed	%	100	100

²To enhance data comparability and traceability, starting from this reporting period, the statistical scope of "Investment in Work Safety" has been expanded from Haitong Development (the parent company) to all entities within the scope of consolidated financial statements. The 2024 data has been adjusted accordingly, and the adjusted data can more comprehensively reflect the Company's overall safety investment.

³Scope of data statistics: Self-employed staff only, excluding interns, dispatched personnel, and outsourced employees.

Strengthening Safety Management

Cargo Safety Management

The Company has established relevant management regulations, including the *Cargo Handling Regulations*. Captains are fully responsible for the safety of onboard personnel and cargo, ensuring that cargo operations are conducted safely and in compliance with standards, and that cargo is properly safeguarded throughout the transportation process.

Typhoon Prevention

The Company has established multiple regulations, including the *Heavy Weather Sailing Guidelines*, *Company Typhoon Command and Operational Procedures*, and *Typhoon Contingency Plan*. These measures ensure standardized management of typhoon and severe weather prevention, providing safety assurance for both vessels and crew.

Prevention of Piracy and Terrorist Incidents

The Company has established the *Guidelines for Anti-Piracy, Terrorism, and Stowaway Incidents*. Captains are responsible for the safety of navigation and special operations, implementing measures such as enhanced lookout, increased nighttime patrols, and maintaining uninterrupted communications to prevent piracy and armed robbery. The Company has also developed boarding response plans, prioritizing the safety of crew members.

Occupational Health and Safety

Occupational Disease Hazard Monitoring

The Company has established the *Health Supervision Regulations*, which require crew members to complete symptom screenings, hearing tests, and blood/urine examinations before boarding. This ensures that their physical condition meets maritime requirements and that they hold valid health certificates, effectively eliminating health risks and safeguarding navigation safety.

During the Reporting Period, no cases of occupational disease were reported among Company employees.

Occupational Disease Prevention Measures

The Company has established the *Crew PPE Usage Management Regulations* and the *Highton Vessels Onboard PPE and Thermal Clothing Supplementation Regulations*. These regulations specify the issuance standards, usage requirements, and wearing protocols for various protective equipment. Crew members are provided with essential protective gear, such as work uniforms and safety shoes, and their use is mandatory, with substitution by cash or other items strictly prohibited.



Emergency Rescue and Medical Support

The Company has established the *Shipboard Medical Assistance Instructions*, which ensure that crew members receive timely and effective medical care onboard. Measures include equipping vessels with medical resources, establishing communication channels, activating emergency procedures, regularly inspecting facilities, and conducting training, all aimed at safeguarding the physical and mental health of crew members.

Care about Mental Health

The Company has established the *Mental Health Management Procedure* and provides professional services through onboard psychologists. In addition, the Company supports captains in implementing effective mental health management measures, including regular mental health training, dissemination of mental health knowledge, and provision of counseling services, to enhance crew members' awareness of psychological issues and their ability to self-regulate and cope.

In addition, the Company actively optimizes the onboard working and living environment for crew members, organizing a variety of cultural and recreational activities, promoting healthy lifestyles, and ensuring adequate rest. These efforts help crew relieve work-related stress and maintain a positive mindset, thereby supporting overall mental health.

During the Reporting Period, in accordance with the *2025 Annual Training Plan*, the Company organized a total of **3** training sessions throughout the year focused on crew mental health.

Protecting Employees' Rights and Interests

The Company upholds the talent philosophy of "Working together as one and leveraging individual strengths; Prioritizing integrity and emphasizing performance", fostering mutual development with employees. It is committed to building a fair and open platform for talent growth, continuously improving training and empowerment systems, standardizing career advancement pathways, and implementing fair incentive mechanisms. This provides employees with a broad stage to showcase their abilities and apply their expertise. Through systematic protection and structured support, the Company promotes deep integration and alignment between individual employee value and organizational objectives, uniting all staff to work collaboratively and achieve shared progress, thereby realizing long-term goals of coordinated development and mutual growth for both the Company and its employees.

Compliant Employment

Highton Development strictly adheres to the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, upholding the recruitment principle of "open recruitment, equal competition, and merit-based selection". The Company has established the *Employee Handbook* and *Human Resources Management System*. Recognizing talent as the most critical development factor and a valuable asset, the Company is committed to translating this philosophy into action through systematic policies, fostering collective momentum for organizational growth.

For the crew, the Company manages employment and performance in accordance with standardized procedures such as the *Crew Employment, Assignment, and Assessment Procedure*. Through qualification review, on-the-job assessment, contract signing, and position promotion processes, the Company ensures proper management of crew hiring and duties. This safeguards crew members' legal rights, including career development opportunities, while ensuring that vessels are staffed with a sufficient number of qualified and competent personnel, providing reliable teams to support shipping operations.

The Company recruits talent through multiple channels, including social recruitment, campus recruitment, internal referrals, and school-enterprise cooperation. By relying on standardized processes, clear criteria, and comprehensive evaluations, the Company selects outstanding candidates who demonstrate strong job fit, good personal qualities, and development potential, continuously injecting vitality into the organization's growth.

Key Performance

In 2025,
the Company achieved
a **100%** labor
contract signing rate.

Day of the Seafarer and Crew Mental Health Training

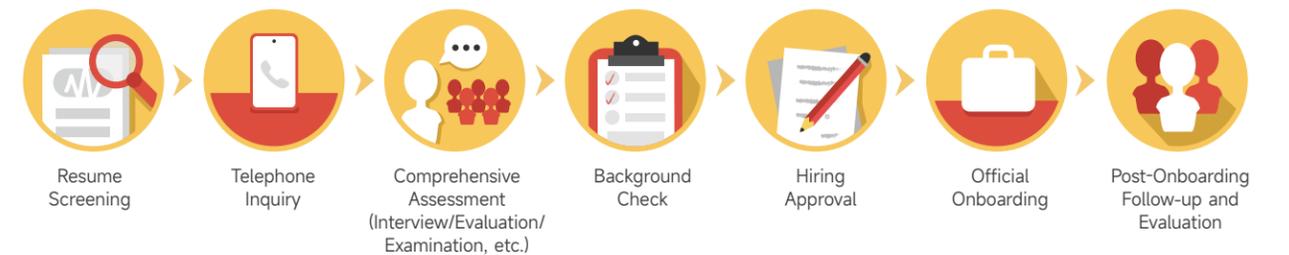
Case

On the occasion of Day of the Seafarer, the Ship Management Center successfully organized a series of themed activities in April. In the morning, crew members participated in lectures on maritime culture and mental health training, which enhanced their sense of professional mission and psychological resilience. In the afternoon, senior crew visited historical maritime sites, strengthening team cohesion through cultural heritage exploration. This event effectively combined cultural empowerment with team building, providing strong support for the development of a high-quality crew.



Lecture on Mental Health for Modern Seafarers

Recruitment Process





School-Enterprise Collaboration: A New Journey for the Maritime Industry

Within its maritime talent development ecosystem, Highton Development actively deepens industry-education integration by establishing stable partnerships with multiple maritime institutions, including Jimei University, Fujian Chuanzheng Communications College, and Quanzhou Ocean Institute. Through signing agreements, co-establishing internship bases, offering "order-based classes", and conducting on-campus recruitment, the Company precisely aligns talent cultivation with enterprise needs, providing customized training and supplying skilled maritime professionals. In addition, the Company continuously offers skills training for both students and active crew members, building a school-enterprise collaborative system that matches supply and demand for crew development and placement, thereby supporting high-quality development in the shipping industry.



Maritime University Corporate Visit

The second phase of the Maritime University & Highton Development corporate visit program was successfully completed

From January 6 to 10, 2025, Highton Development, in collaboration with Dalian Maritime University and Shanghai Maritime University, organized the second phase of its corporate visit program. Centered on the theme "Exploring Competency for Dry Bulk Business Talent", the program enabled students to gain in-depth understanding of dry bulk shipping operations and career development paths through on-site visits and industry practice. This initiative further strengthened the school-enterprise cooperation mechanism, providing an important platform for cultivating maritime professionals who meet industry demands, and actively contributing to the development of a skilled maritime workforce.

Highton Development Campus Recruitment "Set Sail" Training Program

In 2025, Highton Development organized a four-day intensive training program for fresh graduates. Led by a team of senior and mid-level business mentors, the training focused on three core modules: corporate culture, core business, and workplace skills. Through this program, new campus recruits achieved comprehensive development, progressing from cultural integration and business understanding to a full transition into their professional roles.



Campus Recruitment "Set Sail" Training Program



Summer Employment Practice Program

Dalian Maritime University 7th Summer Employment Practice Program Visits Highton Development

On July 24, 2025, a delegation of faculty and students from the School of Law, Dalian Maritime University visited Highton Development for the summer employment practice program. The two sides engaged in in-depth discussions on maritime talent cultivation. Through company introductions, team-building exercises, and alumni sharing sessions, the Company helped students deepen their understanding of the shipping industry, laying a solid foundation for further school-enterprise collaboration.

Shanghai Maritime University Summer Research on Student Employment Visits Highton Development

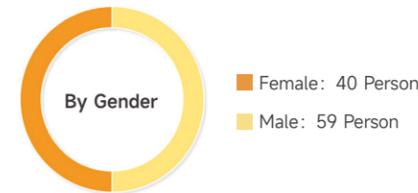
On August 15, 2025, Pu Lina, Deputy Secretary of the Party Committee of the School of Logistics Science and Engineering at Shanghai Maritime University, led a team of faculty members to Highton Development for a student employment research visit. The two parties conducted in-depth discussions on deepening school-enterprise cooperation and talent cultivation. The Company provided detailed presentations on its development prospects, talent strategy, and employee training system. This activity laid a solid foundation for further expanding collaboration and jointly nurturing high-quality professionals for the shipping industry.



Summer Research on Student Employment

Shore-Based Employee Recruitment

Key Metrics	Unit	2025
Number of New Shore-Based Employees	Person	99



Protection of Employees' Rights and Interests

Anti-Child Labor and Forced Labor

The Company strictly complies with laws and regulations such as the *Regulations on Prohibiting the Use of Child Labor*, the *Maritime Labour Convention*, and the *Forced Labour Convention*, resolutely prohibiting and opposing the employment of child labor and all forms of forced labor. The Company has established the *Management System for the Prevention of Child Labor and Forced Labor* and stipulates in the *Employee Handbook* that the hiring of child labor or forced labor is strictly forbidden. In the event of inadvertent employment of child labor, immediate remedial measures are to be taken. Additionally, age verification has been made a mandatory pre-screening step in the recruitment process to ensure that all hired personnel fully meet the legal age requirements. During the Reporting Period, the Company did not employ any child labor or engage in any forced labor.

Building a Diverse Team

The Company adheres to laws and regulations such as the *Law of the People's Republic of China on Employment Promotion and The Elimination of Discrimination in Respect of Employment and Occupation*, and has established the *Diversity, Equality, and Inclusion Policy*. It firmly opposes workplace discrimination and harassment and is committed to creating a diverse, equitable, fair, and inclusive working environment for all employees. The Company pledges to ensure that, throughout the entire talent selection process, no distinctions are made based on gender, age, race, ethnicity, religious beliefs, social status, or physical health, and that no additional conditions beyond the established job requirements are imposed, thereby safeguarding objectivity and fairness in talent decisions.

Key Performance

During the Reporting Period, the turnover rate of shore-based employees was **21.36%**, and the retention rate of seafarers was **76.12%**⁴.

Employee Structure

Key Metrics	Unit	2025
Total Number of Employees	Person	368
Total Number of Shore-Based Employees	Person	242
Total Number of Crew Members	Person	126

⁴ Scope of data statistics: Self-owned crew members only, excluding trainee crew members, dispatched personnel, and outsourced crew members.



- Chinese Mainland: 361 Person
- Hong Kong, Macao, and Taiwan, China: 5 Person
- Overseas Regions: 2 Person



- Female: 105 Person
- Male: 263 Person



- Under 30 (Exclusive) Years Old: 114 Person
- 30 to 40 Years Old (Inclusive of 30, Exclusive of 40): 132 Person
- 40 to 50 Years Old (Inclusive of 40, Exclusive of 50): 80 Person
- 50 Years Old or Above: 42 Person



- Administrative Staff: 37 Person
- Financial Audit Staff: 32 Person
- Procurement Staff: 14 Person
- Information Technology Staff: 25 Person
- Shipping Operations Staff: 94 Person
- Ship Management and Technical Staff: 40 Person
- Crew Members: 126 Person



- Directors and Senior Management: 5 Person
- Mid-Level Management: 31 Person
- Frontline Employees: 332 Person



- Master's Degree or Above: 24 Person
- Bachelor's Degree: 166 Person
- Junior College and Below: 178 Person

Note: The above statistics on the Company's employees do not include interns, trainee crew members, or dispatched and outsourced personnel. As of the end of the Reporting Period, the total number of crew members on the Company's self-owned vessels was 1,302 persons (including trainee crew and dispatched crew).

Democratic Governance

The Company relies on regular mechanisms such as the Employees' Representative Congress to fully safeguard employees' democratic rights. Through employee representatives, the Company effectively exercises democratic management and supervisory functions, thereby protecting employees' lawful rights, interests, and legitimate benefits. During the Reporting Period, the Employees' Representative Congress reviewed **1** proposals/projects.

The Company continues to strengthen its people-oriented care by conducting regular employee satisfaction surveys covering all employees each year. In 2025, **246** responses were collected from the shore-based employee satisfaction survey, with an overall satisfaction score of **4.40** (out of 5). The domestic-shipping seafarer satisfaction survey collected **126** responses, with an overall satisfaction score of **4.37** (out of 5).

Protection of Female Employees' Rights and Interests

The Company strictly implements the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, the *Provisions on the Scope of Prohibited Labor for Female Employees*, and other relevant laws and regulations, and continuously strengthens the protection of the rights and interests of female employees. The Company provides female employees with special leave entitlements, including prenatal check-up leave, maternity leave, and nursing leave, ensuring that every female employee enjoys equal, respectful, and safe treatment in the workplace.

Women's Day Activities

Case

To celebrate International Women's Day on March 8, the Company organized a ring-toss game. Female employees participated enthusiastically, relieving work-related stress in a relaxed and enjoyable atmosphere while fully experiencing the joy of the festival and the Company's care. This activity not only enriched the spiritual and cultural life of female employees but also enhanced team cohesion.



Women's Day Activities

Care for Employees in Need

When employees are hospitalized due to illness, injured at work, or experience bereavement, the Company arranges for representatives to visit them and provides condolence payments to express its sincere care and support.

During the Reporting Period, the Company provided assistance to a total of **5** employees in need. The number of employees in difficulty assisted per RMB 100 million of revenue was **0.11**.

Optimization of Remuneration and Benefits

Compensation System

The Company has established a standardized compensation management framework by formulating the *Compensation Management Policy* and the *Seafarer Compensation Management Policy*, clearly defining the components of remuneration and the mechanisms for dynamic adjustment. For shore-based employees, the Company adopts a structured compensation system comprising basic salary, position-based salary, performance-based pay, length-of-service pay, benefits and allowances, and an annual performance bonus. Seafarer compensation consists of basic salary, position allowances, other subsidies, and a repatriation bonus. With respect to salary adjustments, the Company takes into comprehensive consideration multiple factors, including industry-wide wage growth, inflation levels, changes in job positions, and the Company's operating performance, to ensure that the compensation system is aligned with the Company's stage of development while achieving an appropriate balance between internal equity and external market competitiveness.

Equity Incentive

In April 2025, the Company held a board meeting to review and approve the *Proposal on the 2025 Stock Option and Restricted Stock Incentive Plan (Draft) of Fujian Highton Development Co., Ltd. and Its Summary*. Since 2023, the Company has consecutively implemented equity incentive plans for three years (2023-2025). By closely linking the personal growth of core talents and key technical personnel with the Company's performance growth and value enhancement, the plan aligns the objectives and direction of the Company, shareholders, and employees, forming a solid community of shared interests and development.



Welfare System

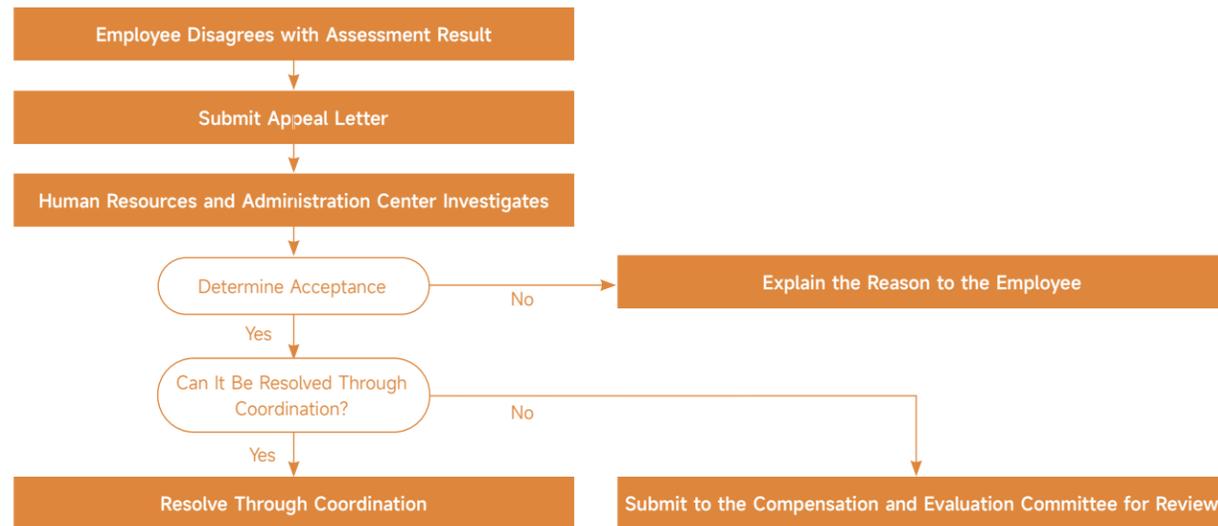
The Company clearly defines and specifies the composition of employee benefits in the *Human Resources Management System* and the *Compensation and Benefits Policy*. The Company strictly implements statutory benefits by contributing to employees' pension insurance, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance in accordance with the law. In addition, the Company provides non-statutory benefits such as transportation and communication allowances, as well as marriage and childbirth grants, covering employees' work and daily living needs and reflecting the Company's people-oriented approach and commitment to employee care.

The Company has established the *Attendance and Leave Management Policy*, implementing a flexible work schedule of five days per week and seven hours per day, while standardizing the management of various types of leave. To ensure navigation safety and safeguard crew members' legal rights, the Company implements a minimum rest period system for crew in accordance with the *Regulations on the Management of Working Hours Onboard*. Using tools such as the Vessel Work Schedule and Crew Work and Rest Statistics, the Company maintains full-process records and dynamic tracking, effectively ensuring compliance with crew work-rest management requirements.

Performance Management and Feedback

The Company has established the *Performance Management Policy*, which evaluates employee contributions based on monthly key priorities and additional plans, aiming to enhance both employee capabilities and organizational effectiveness. In addition, the Company has implemented a routine performance feedback and appeal mechanism. If an employee disagrees with an assessment result, they may submit an appeal to the Human Resources and Administration Center. The relevant department is required to complete the review and provide a response within 7 working days.

Performance Appeal Process



Supporting Employee Growth

Training Management System

The Company has established internal regulations, including the *Training Management Policy*, to comprehensively enhance employees' business knowledge, professional skills, and management capabilities. The Board of Directors supervises and approves major matters related to employee training strategies and objectives. The General Manager is responsible for overseeing and

managing employee training and development, while the Human Resources Department coordinates the planning, development, and operation of the Company's training system, ensuring that training effectively supports talent development and strategic implementation. Each department is responsible for identifying training needs within its domain, documenting business knowledge, facilitating employee participation, and evaluating training outcomes, ensuring that the training system is integrated into frontline business operations to create tangible value.

The Company has established a comprehensive talent training system, combining online and offline methods as well as internal and external resources. The system covers multiple levels of training, including new employee onboarding, job-specific skills training, and management development programs. Through these systematic and targeted training activities, the Company aims to comprehensively enhance employees' professional competence and overall capabilities.

Types of Training

Induction Training

Industry knowledge, company overview, corporate culture, company policies and regulations, essential job knowledge, general skills, and professional conduct

Job-Specific Skills Training

New concepts, technologies, and professional knowledge relevant to the role

Management Training

Management skills, leadership development, planning, and decision-making abilities

Corporate Culture Workshop

Case

To deepen employees' understanding of the Company's core values and strengthen their sense of identity and belonging, thereby fostering team cohesion, the Company conducted a dedicated corporate culture training for all employees. The training guided participants to explore the rich connotations of gratitude, loyalty, and dedication, while inspiring them to internalize and practice the values of "Struggle, Responsibility, Collaboration, Innovation". It encouraged every employee to take advancing the Company toward becoming a world-class shipping brand as a shared mission and to work together toward this goal.



Corporate Culture Specialized Training

Leadership Training – Management Capability Enhancement Bootcamp

Case

From April 21 to 22, 2025, the Company successfully held a Management Capability Enhancement Bootcamp on the 51st floor of ICC, with mid-to-senior managers and key position personnel participating. Through case studies, experience sharing, and interactive sessions, the bootcamp effectively enhanced participants' management thinking and cross-departmental collaboration skills. The Company will continue to follow up on the application of learning outcomes, strengthening the management team through a systematic development mechanism to ensure a robust talent pipeline supporting the Company's growth.



Management Capability Enhancement Bootcamp



Seafarer Training and Team-Building – “Embrace the Sea, Lead with Ambition”

Case

In April 2025, the Company organized a seafarer training and team-building activity themed “Embrace the Sea, Lead with Ambition”. A total of 19 top-ranked crew members on leave participated. The program included corporate culture promotion, skills training, technical exchange, and cultural heritage exploration, aiming to enhance the seafarers’ professional competence, strengthen team collaboration, and reinforce their identification with the Company’s culture.



Seafarer Workshops



Visit to the Museum of Foochow Arsenal

Digitalized Training for Seafarers

Case

To address the systematic training needs of seafarers and the limitations of onboard learning networks, Highton Development has established a digital training platform with efficient coordination between a PC backend and a seafarer mobile app. Crew members can access learning modules anytime and anywhere in a modular and phased manner via both PC and app. The platform leverages onboard intelligent data exchange devices to effectively overcome network and cost constraints. Additionally, the system incorporates a ranking and assessment mechanism to motivate active learning and maintains full data records to objectively evaluate training outcomes, ensuring that the entire training process is controllable, traceable, and incentivized.

Shore-Based Employee Training Overview

Key Performance	Unit	2025
Training Investment for Shore-Based Employees	in RMB 10,000	36.48
Number of Training Sessions for Shore-Based Employees	Session	170
Total Number of Shore-Based Employees Trained	Person	298
Total Participants of Shore-Based Employees Trained	Training participants	2,917
Training Coverage Rate for Shore-Based Employees	%	100
Total Training Hours for Shore-Based Employees	Hour	7,381
Average Annual Training Hours per Shore-Based Employee	Hours/Person	24.77

Seafarer Training Overview

Key Performance	Unit	2025
Training Investment for Seafarers	in RMB 10,000	1.43
Number of Training Sessions for Seafarers	Session	358
Total Number of Seafarers Trained	Person	319
Total Participants of Seafarers Trained	Training participants	1,027
Total Training Hours for Seafarers	Hour	1,205
Average Annual Training Hours per Seafarer	Hours/Person	3.78
Training Coverage Rate for Seafarers	%	100

Note: The above seafarer training statistics pertain to the Company’s own crew members on self-managed vessels.

Improving the Training System

The Company consistently regards talent development as a core driver of sustainable growth. By building an internal instructor team, establishing training platforms, and implementing a mentorship program, the Company continuously enhances its training system. The goal is to comprehensively and multi-dimensionally improve the professional skills of all employees and cultivate a high-quality, highly capable talent team.

Construction of an In-House Instructor Team

The Company has established the *Instructor Management Measures* to standardize the management of internal instructors and build a professional instructor team. This effectively supports training across all levels, promotes the accumulation of internal experience, and facilitates knowledge sharing. In addition, the Company has implemented a comprehensive instructor incentive mechanism, including cultural recognition, instructor allowances, performance awards, and promotion priority, fully motivating instructors’ enthusiasm and creativity.

Training Platform Construction

The Company has launched the “Cool College” online training platform, effectively overcoming time and space constraints and enabling employees to engage in flexible, self-directed learning during fragmented time. Employees can select learning content based on their career development needs, practical work scenarios, and personal interests, achieving personalized and systematic skill enhancement.

Mentorship Program Implementation

The Company implements the *Mentorship Program Implementation Plan*, establishing a one-on-one mentorship system for new hires and employees newly assigned to different positions. Upon arrival, employees are assigned a mentor by the department head, who provides guidance to help them quickly adapt to their role and integrate into the team. At the end of the mentorship period, employees can only complete the program after a mentor assessment confirms satisfactory performance, ensuring the quality of talent development and alignment with job requirements.



Support for Employee Development

The Company has established position management systems such as *Employee Appointment and Transfer Management*, creating career development pathways across four sequences: management, functional, technical, and marketing. This enables employees to choose growth paths that suit their strengths, whether through vertical advancement or horizontal expansion. For the seafarer workforce, the Company continuously optimizes the *Seafarer Promotion Management Regulations*, standardizing promotion processes and criteria. Incentive mechanisms, such as return-to-ship bonuses, are also implemented to attract and retain talented seafarers, ensuring safe vessel operations and a stable crew structure.

The Company encourages employees to independently plan their career development by aligning their professional capabilities with business needs. This approach allows employees to realize personal value while growing together with the Company, creating a virtuous cycle in which talent development and corporate strategy mutually reinforce each other.

Highton Development Job Grade and Career Path System

Career Path	Job Type	Grade Sequence
Management Sequence	Management Positions	M1-M10
Technical Professional Sequence	Positions in Ship Operations, Engineering, Systems, Procurement, etc.	T1-P6
Functional Professional Sequence	Positions in Finance, Accounting, Cashier, Legal, Audit, Administration, HR, Operations, etc.	P1-P6
Marketing Sequence	Positions in Marketing, Sales, Business Development, Commerce, etc.	S1-S10

To enhance employees' overall competencies and meet the Company's talent requirements, the Company formulated relevant regulations, providing subsidies for employees' education and training in management knowledge, professional skills, and on-the-job degree programs. This initiative actively encourages employee development and growth, fostering a positive "learning enterprise" culture.

Organizing the Company's 2024 Performance Awards



To recognize ships and employees with outstanding performance and significant contributions in the Company's 2024 business management, and to foster exemplary role models across the organization, the Company conducted the selection of the Highton Development 2024 "Sailing Excellence Award," "Maritime Pioneer Award," and "Outstanding Worker Award" in accordance with the principles of fairness, impartiality, and transparency.

Crew Professional Skills Training



In September 2025, the first "Highton-Prosean Electric Welding Intensive Training Cohort" successfully concluded, jointly organized by Highton Development, HN Prosean Shipping Co., Ltd., and Henan Electric Power Vocational Training School. This training program provided the Company with a group of skilled electric welders, achieving seamless integration between training and employment. Moving forward, both parties will continue to deepen this training model and further expand the scale of skilled talent development.



Graduation Ceremony of the Intensive Training Cohort

Building a Learning-Oriented Enterprise



The Company encourages learning and is committed to cultivating a learning-oriented organization, actively promoting a culture of continuous learning and knowledge sharing. Through industry exchanges and cross-team experience-sharing sessions, employees can interact and communicate efficiently, exchanging practical experience and innovative ideas. This open interaction not only accelerates problem-solving but also significantly enhances team efficiency and professional capabilities. The Company enables every member to grow rapidly through communication, transforming individual experience into collective wisdom, jointly driving efficient project delivery and achieving a win-win improvement in both personal skills and team effectiveness.



Learning and Exchange Sessions

Creating a Welcoming Haven

The Company organizes a variety of engaging and diverse cultural activities to create a warm, vibrant, and inclusive work environment, aiming to continuously enhance employee satisfaction and team cohesion, while building a strong spiritual bond between employees and the enterprise for mutual development. The Company implements the *6S Office Environment Management* system, which sets clear requirements for cleanliness, safety, and resource utilization in all office and public areas, ensuring a safe, efficient, and orderly working environment.

Corporate Cultural Activities



Year-End Gala

On January 22, the Company held the 2024 year-end gala themed "Love Highton, Embrace a Wonderful Life". This annual event serves as a regular company tradition, aiming to review the past year's work and recognize the contributions of all employees. The gala also provides a platform for communication to kick off the new year's work. The Company announced its commitment to continue advancing various business initiatives in 2025.



Gala Event Venue

"Navigating Together, Embarking on a Shared Journey" Corporate Culture Day

On June 14, 2025, the Company successfully held a 20-kilometer trekking and team-building activity as part of its Corporate Culture Day on Dalian Island, Pingtan. Despite heavy rain and muddy conditions, all participating employees faced the challenge head-on, consistently upholding the Company's values of "Struggle, Responsibility, Collaboration, Innovation". They demonstrated exceptional teamwork and resilience, ultimately completing the challenge as a group. This activity not only strengthened employees' perseverance but also reinforced their recognition of the corporate culture and enhanced team cohesion through practical experience.



Event Venue



Organizing Festival Activities

Case

Dragon Boat Festival Activity

To uphold the traditions of the Dragon Boat Festival, the Company held a festival event in advance on May 30 and distributed holiday gifts to all employees. While celebrating this traditional festival, the activity also enhanced employees' engagement in the Company's corporate culture initiatives.



Distribution of Festival Gifts

China Maritime Day Activities

In July 2025, the Company held a themed event for China Maritime Day. The event featured activities such as maritime-themed competitions and storytelling sessions. Through this lively and engaging format, the Company recognized the professional dedication of maritime personnel, paid tribute to the spirit of seafaring, and strengthened team cohesion.



China Maritime Day Event

The Company regularly provides care and support for its employees through activities such as inviting retired employees to attend the annual meeting, conducting onboard inspections, and visiting crew members to listen to their feedback and address their practical needs. To continuously improve living conditions on board, the Company has purchased various recreational facilities to enrich the crew's cultural and leisure life outside of work. In addition, the Company invites crew members and their families to participate in annual meetings and other collective activities, further enhancing their sense of belonging and well-being, allowing them to work with peace of mind and enjoy a comfortable life.



Onboard Fitness and Recreational Facilities



Crew Visits and Care Activities

Contribution to Society

Contributing to Social Welfare

The Company has always upheld a strong sense of social responsibility and actively engages in various social welfare initiatives. Through charitable donations, the Company gives back to society, putting corporate social responsibility into practice and contributing solidly to building a harmonious, mutually supportive, and prosperous social environment. During the Reporting Period, the total number of volunteer participants was **20** person-times, with a total volunteer service duration of **40** hours.

Deepening Educational Collaboration

The Company actively strengthens university-enterprise cooperation by establishing the "Highton Scholarship" at Dalian Maritime University and Jimei University. On one hand, it provides incentives for outstanding students to support their growth; on the other hand, it builds a platform for close collaboration with the university, laying a solid foundation for the Company to attract high-quality talent in the industry. During the Reporting Period, the Company made cumulative donations of RMB 81,000 to support educational development initiatives.

The Company has jointly established off-campus internship and practical training bases with the School of Law, the School of Transportation Engineering, and the School of Foreign Languages at Dalian Maritime University. This collaboration closely connects classroom theoretical knowledge with real-world scenarios in the shipping industry, helping students gain an in-depth understanding of industry practices and accumulate valuable hands-on experience for their future careers, thereby forming a virtuous cycle of university-enterprise collaborative talent cultivation. During the Reporting Period, the Company further explored diversified models of industry-education integration. Through complementary advantages and industry-academia collaboration, we strive to closely align the Company's talent needs with the universities' talent development directions, accurately meeting the Company's workforce requirements at different stages of development.



Joint Construction of Practical Teaching Base



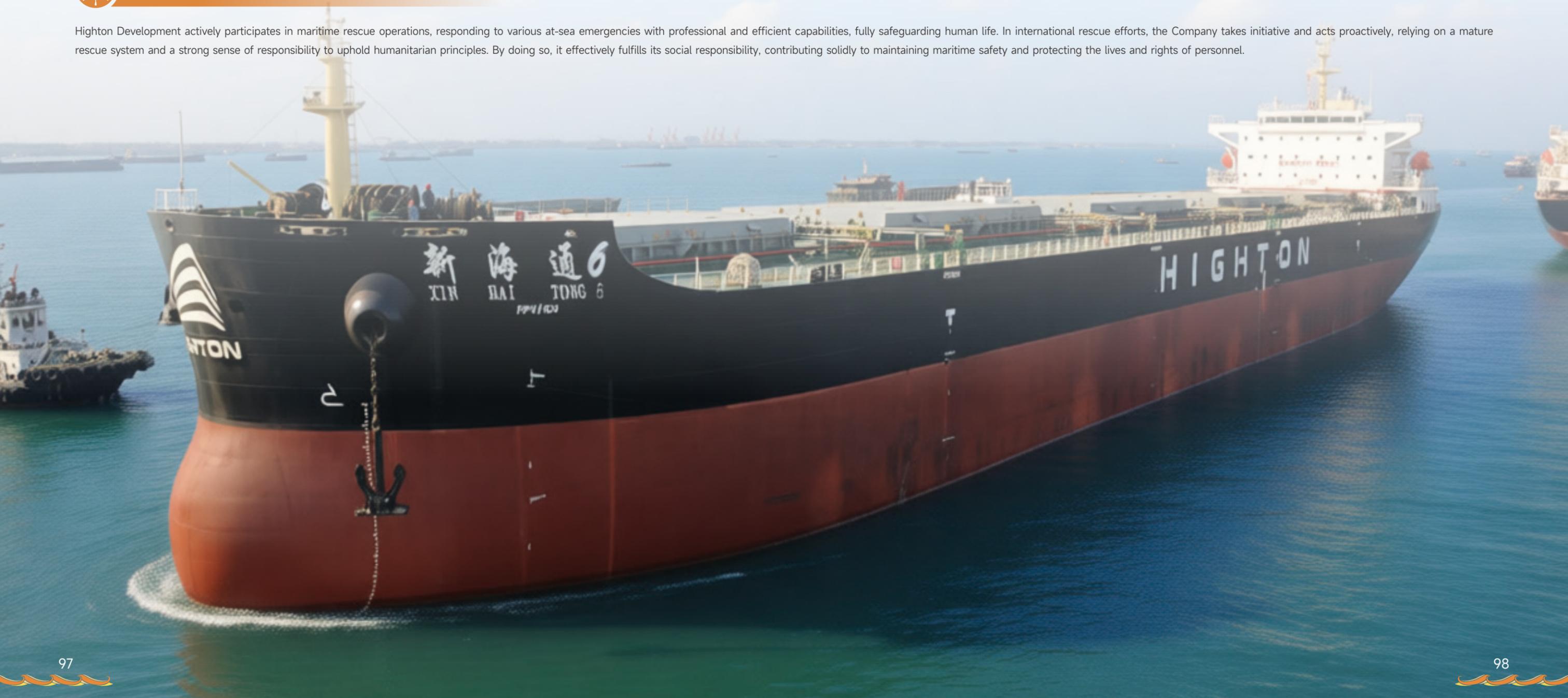
Respond to the Construction of the Belt and Road Initiative

The Pingtan Comprehensive Experimental Zone, where the Company is located, serves as an important bridge connecting both sides of the Taiwan Strait along the "Belt and Road". Leveraging Fujian's strategic advantage of "prospering by the sea", we have established a shipping network covering both domestic coastal areas and international ocean routes, actively implementing the "Maritime Power" strategy and the concept of green development. Through our subsidiaries, we engage in the international transport of dry bulk cargo such as coal, grain, and rolled steel, with shipping routes spanning over 350 ports in more than 100 countries and regions worldwide.

In recent years, alongside China's efforts to diversify corn import sources, the company has increasingly strengthened its agricultural product trade with "Belt and Road" countries such as Bulgaria. Our well-established global network not only comprehensively meets customer needs but also contributes to building a stable and sustainable food supply channel.

Maritime Rescue

Highton Development actively participates in maritime rescue operations, responding to various at-sea emergencies with professional and efficient capabilities, fully safeguarding human life. In international rescue efforts, the Company takes initiative and acts proactively, relying on a mature rescue system and a strong sense of responsibility to uphold humanitarian principles. By doing so, it effectively fulfills its social responsibility, contributing solidly to maintaining maritime safety and protecting the lives and rights of personnel.





Afterword to the Report

Key Performance Indicators

Governance Performance			
Key Metrics	Benchmark Units	2024	2025
Corporate Governance			
Total Number of General Meetings of Shareholders Held	Times	5	6
Number of Annual Shareholders' Meeting Held	Times	1	1
Number of Special Meeting of Shareholders Held	Times	4	5
Number of Proposals Reviewed and Approved	Item	24	28
Number of Board Members	Person	7	7
Percentage of Female Directors	%	14.29	14.29
Percentage of Independent Directors	%	42.86	42.86
Number of Meetings of Board of Directors Held	Times	18	18
Number of Proposals Reviewed and Approved	Item	57	69
Number of Meetings of Specialized Committees Held	Times	15	14
Number of Proposals Reviewed and Approved	Item	27	44
Investor Relations Management			
Cash Dividend per Share	yuan/share	0.1	0.1
Total Cash Distribution (Including Tax)	in RMB 10,000	9,116.13	9,277.71

Proportion to Net Profit Attributable to Shareholders of the Listed Company in Consolidated Financial Statements	%	16.70	19.95
Performance Exchange Meeting	Times	4	5
Information Disclosure			
Number of Periodic Reports Disclosed Externally	Copy	4	4
Number of Interim Announcements Disclosed Externally	Copy	116	131
Number of Penalties for Violations in Information Disclosure	Times	0	0
Compliance and Business Ethics			
Number of Anti-Bribery and Anti-Corruption Trainings Organized	Times	13	19
Number of Directors and Management Participating in Anti-Commercial Bribery and Anti-Corruption Training	Training participants	8	16
Training Coverage Rate of Directors and Management	%	100	100
Number of Employees Participating in Anti-Corruption Training	Training participants	281	269
Number of Internal Integrity Special Audits Conducted	Times	/	8
Signing Rate of Integrity Pledges by Shore-Based Employees	%	/	100
Total Number of Anti-Corruption and Anti-Bribery Reporting Cases	Times	0	0
Number of Corruption Litigation Cases Filed and Concluded	Case	0	0



Environmental Performance			
Key Metrics	Benchmark Units	2024	2025
Environmental Management			
Total Environmental Investment	in RMB 10,000	1,553.04	4,137.41
Amount of Major Administrative Penalties Imposed by Ecological and Environmental Authorities due to Environmental Incidents	in RMB 10,000	0	0
Energy Management			
Total Direct Energy Consumption	tce	237,335.44	347,422.38
MDO (Marine Diesel Oil) & MGO (Marine Gas Oil)	ton	10,552.32	24,409.37
HFO (Heavy Fuel Oil)	ton	131,029.42	189,386.79
LFO (Light Fuel Oil)	ton	24,339.23	28,903.35
Gasoline	Litres	/	5,813.31
Total Fuel Oil Consumption	ton	165,920.97	218,290.14
Total Indirect Energy Consumption	tce	129.86	135.39
Office Electricity Consumption	kWh	111,696.32	119,412.13
Total Shore Power Consumption	kWh	944,897.83	982,195.20
Number of Shore Power Uses	Times	170	179
Total Energy Consumption	tce	237,465.30	347,557.77
Energy Consumption Intensity	tce/RMB 1 million (revenue)	64.9	78.23
Number of Vessels Completed with EPL Retrofit	Ship	40	56
Number of Vessels Passed EEXI Classification Audit	Ship	40	56
Response to Climate Change			
Total GHG Emissions	tCO ₂ e	527,262.94	771,778.22

GHG Emission Intensity	tCO ₂ e/RMB 1 million (revenue)	144.11	173.71
Direct GHG Emissions (Scope 1)	tCO ₂ e	526,695.97	771,010.72
Indirect GHG Emissions (Scope 2)	tCO ₂ e	566.97	591.12
Other Indirect Emissions (Scope 3)	tCO ₂ e	/	176.38
Water Resource Utilization			
Total Water Consumption	ton	31,336.49	34,301.11
Office Water Consumption	ton	1,155.24	925.71
Freshwater Consumption by Vessels	ton	30,181.25	33,375.40
Seawater Desalinated by Vessels	ton	44,015.57	79,045.10
Water Consumption Intensity	t/RMB 1 million (revenue)	8.56	7.72
Waste Gases			
Nitrogen Oxides (NOX) Emissions	ton	12,390.90	17,952.48
Nitrogen Oxides (NOX) Emission Intensity	t/RMB 1 million (revenue)	3.39	4.04
Sulfur Oxides (SOX) Emissions	ton	1,410.83	2,034.95
Sulfur Oxides (SOX) Emission Intensity	t/RMB 1 million (revenue)	0.39	0.46
Waste			
Hazardous Waste Generated	m ³	/	423.44
Non-Hazardous Waste Generated	m ³	/	2,031.61
Total Waste Discharged into the Sea	m ³	1,531.73	1,392.46
Total Waste Recycled Onshore	m ³	526.48	1,044.16
Biodiversity Protection			
Number of Vessels Equipped with Ballast Water Treatment Systems	Ship	40	56



Social Performance			
Key Metrics	Benchmark Units	2024	2025
Data Security and Customer Privacy Protection			
Number of Information Security Training Sessions Held	Times	13	2
Number of Participants in Information Security Training	Training participants	110	35
Total Duration of Information Security Training	Hour	/	70
Average Duration of Information Security Training	Hour	/	2
Number of Incidents of Information Security and Privacy Protection Violations during the Reporting Period	Times	0	0
Customer Service			
Number of Customers Participating in Survey	Units	/	58
Customer Satisfaction Rate	%	/	97.85
Customer Complaint Resolution Rate	%	/	100
Timely Resolution Rate of Customer Complaints	%	/	100
Supply Chain Management			
Total Number of Suppliers	Units	940	988
Supplier Review Coverage Rate	%	100	100
Number of Events with Significant Risks and Impacts in the Supply Chain	Case	0	0
Number of Personnel Involved	Person	0	0
Number of Suppliers Involved	Units	0	0
Amount of overdue payments to SMEs	in RMB 10,000	0	0
Labor Relations Management			
Percentage of Contract Workers	%	100	100

Number of New Shore-Based Employees	Person	114	99
Percentage of New Employees by Gender			
Female	Person	38	40
Male	Person	76	59
Percentage of New Employees by Recruitment Channel			
Social Recruitment	Person	82	82
On-Campus Recruitment	Person	32	17
Other Recruitment Channels	Person	0	0
Total Turnover Rate of Shore-Based Employees	%	22.56	21.36
Crew Retention Rate	%	73.79	76.12
Number of Employees In Difficulty Assisted	Person	/	5
The Number of Employees In Difficulty Assisted Per RMB 100 Million of Revenue	Person	/	0.0011
Employee Satisfaction			
Number of Shore-Based Employees Participating in Satisfaction Survey	Person	192	246
Satisfaction Score of Shore-Based Employees	Points	4.26/5	4.40/5
Number of Domestic Trade Crew Members Participating in Satisfaction Survey	Person	125	126
Satisfaction Score of Domestic Trade Crew Members	Points	4.51/5	4.37/5
Diversity and Equal Opportunity			
Total Number of Employees	Person	355	368
Total Number of Shore-Based Employees	Person	210	242
Total Number of Crew Members	Person	145	126
Number of Employees by Region			
Chinese Mainland	Person	348	361



Hong Kong, Macao, and Taiwan, China	Person	5	5
Overseas Regions	Person	2	2
Number of Employees by Gender			
Female	Person	89	105
Male	Person	266	263
Number of Employees (by Employee Level)			
Directors and Senior Management ⁵	Person	6	5
Mid-Level Management	Person	27	31
Frontline Employees	Person	322	332
Number of Employees (by Profession)			
Administrative Staff	Person	50	37
Financial Audit Staff	Person	28	32
Procurement Staff	Person	11	14
Information Technology Staff	Person	1	25
Shipping Operations Staff	Person	83	94
Ship Management and Technical Staff	Person	38	40
Number of Crew Members (Excluding Trainee, Dispatched, or Outsourced Crew)	Person	145	126
Number of Employees by Age			
Under 30 (Exclusive) Years Old	Person	112	114
30 to 40 Years Old (Inclusive of 30, Exclusive of 40)	Person	134	132
40 to 50 Years Old (Inclusive of 40, Exclusive of 50)	Person	70	80
50 Years Old or Above	Person	39	42
By Academic Qualification			

⁵ The number of "Directors, Supervisors, and Senior Management" disclosed for the 2024 reporting period was 6 (including Supervisors). In 2025, following an optimization of the corporate governance structure, the statistical scope was adjusted to "Directors and Senior Management."

Master's Degree or Above	Person	17	24
Bachelor's Degree	Person	146	166
Junior College and Below	Person	192	178
Development and Training			
Investment in employee training	in RMB 10,000	23.61	37.91
Staff training hours	Hour	6,650	8,586
Employee Training Participants	Training participants	3,425	3,944
Employee Training Coverage Rate	%	100	100
—Shore-Based Employees			
Training Investment for Shore-Based Employees	in RMB 10,000	22.9	36.48
Number of Training Sessions for Shore-Based Employees	Session	163	170
Total Number of Shore-Based Employees Trained	Person	257	298
Total Participants of Shore-Based Employees Trained	Training participants	2,421	2,917
Training Coverage Rate for Shore-Based Employees	%	100	100
Total Training Hours for Shore-Based Employees	Hour	5,836	7,381
Average Annual Training Hours per Shore-Based Employee	Hours/Person	22.71	24.77
—Crew			
Training Investment for Seafarers	in RMB 10,000	0.71	1.43
Number of Training Sessions for Seafarers	Session	385	358
Total Number of Seafarers Trained	Person	309	319
Total Participants of Seafarers Trained	Training participants	1,004	1,027
Total Training Hours for Seafarers	Hour	814	1,205
Average Annual Training Hours per Seafarer	Hours/Person	2.63	3.78
Training Coverage Rate for Seafarers	%	100	100



Safety and Health			
Number of Work Safety Accidents	Case	0	2
Number of Work-Related Deaths	Person	0	0
Total Number of Work-Related Injuries	Person	0	0
Lost Days due to Work-Related Injury	Working Days	0	0
Lost Time Injury Rate (per Million Hours)	%	0	0
Lost Time Injury Frequency Rate (LTIR, per Million Hours)	%	0	0
Number of Safety Training Sessions	Sessions	/	356
Number of Participants in Safety Training	Training participants	/	1,027
Number of Participants in Safety Training	Person	/	319
Total Training Hours	Hour	773	1,205
Average Production Safety Training Hours per Employee	Hours/Person	2.18	3.78
Employee Coverage Rate in Safety Training	%	/	100
Number of Ship-to-Shore Safety Emergency Drills	Session	10	7
Investment in Work Safety	in RMB 10,000	11,072.90	18,632.34
Percentage of Special Operators Licensed	%	100	100
Hull and P&I Insurance Coverage Rate (Including Crew Personal Injury)	%	100	100
Investment in Work-Related Injury Insurance	in RMB 10,000	8.74	11.10
Contribution to Society			
Total Public Welfare Input	in RMB 10,000	6.2	8.10
Number of Volunteers Participating in Activities	Participations	/	20
Total Hours of Volunteer Activities	Hour	/	40

Indexes

Corresponding Sections	Shanghai Stock Exchange Listed Company Self-Regulatory Guidelines No. 14 – Sustainability Report (Trial)	China Corporate Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	GRI Sustainability Reporting Standards	
About This Report	/	P1	2-1/2-2/2-3	
Message from the Chairman	/	P2	2-22	
About Highton Development	/	P3	2-6	
Key Sustainable Development Performance in 2025	/	/	/	
Topic: Digital and Intelligent Leadership, Smart Shipping Across the Seas	Article 42	S2.1	203-2	
I. Sound Governance and Compliance as the Foundation	Governance for Sustainable Development	Articles 5, 9, 10-19, 51, 53	G1.1-G1.3	2-22/2-29/3-1-3-3
	Corporate Governance	Article 53	/	2-9/2-12
	Party Building and Leadership	/	/	/
	Protection of Investors' Rights and Interests	Article 53	/	2-29
	Compliance and Risk Management	Articles 12, 15	G1.2	207-1/207-2
	Business Behaviors	Articles 54-56	G2.1/G2.2	205-2/205-3/206-1
Green and Low-Carbon, Safeguarding the Ecosystem	Green and Low-Carbon Operation	Articles 20-27, 34-35	E1.1/E3.1	305-1/305-2/302-1/302-3
	Strengthening Environmental Management	Articles 29-31, 33	E2.1/E2.2/E2.4	304-5/305-6/305-7/306-1/306-2/307-1
	Optimizing Resource Utilization	Articles 34, 36	E3.1/E3.3	303-1/305-4
	Biodiversity Conservation	Article 32	E2.3	304-2-304-4



Corresponding Sections		Shanghai Stock Exchange Listed Company Self-Regulatory Guidelines No. 14 – Sustainability Report (Trial)	China Corporate Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	GRI Sustainability Reporting Standards
Digital Intelligence-Driven, Collaborative Value Creation	Comprehensive Digital Intelligence Development	Article 42	S2.1	203-2
	Data Security and Privacy Protection	Article 48	S3.4	418-1
	High-Quality Customer Service	Article 47	S3.3	416-1/416-2
	Responsible Supply Chain	Articles 44-46	S3.1	308-1/414-2
Harmony and Safety, Creating a Better Future Together	Navigation Safety Management	Articles 49, 50	S4.2	403-1-403-7/403-9/403-10
	Protecting Employees' Rights and Interests	Articles 49, 50	S4.1/S4.3	401-1/401-2/404-1/404-2/404-3/406-1/405-1/407-1/408-1
	Contribution to Society	Articles 38-40	S1.2	/
Afterword to the Report	ESG Key Performance Form	/	A2	/
	Indexes	Article 57	A3	/
	Feedback	/	A6	/

Feedback

Thank you for reading this report. To improve Highton Development's performance in environment, society, and governance, further enhance its sustainable development capabilities and levels, and strengthen communication with all sectors of society, we sincerely hope that you will provide valuable feedback and suggestions on our work and report amidst your busy schedule.

Your Information

Name: _____ Tel.: _____

Unit: _____ Email: _____

Multiple Choice (Please check ✓ in the appropriate box)

1. Your overall evaluation of Highton Development's 2025 ESG Report:

Good Average Needing Improvement I don't know

2. How do you think Highton Development has performed in terms of customer service?

Good Average Needing Improvement I don't know

3. How do you think Highton Development has performed in terms of green shipping?

Good Average Needing Improvement I don't know

4. How do you think Highton Development has performed in terms of corporate governance?

Good Average Needing Improvement I don't know

5. How do you think Highton Development has performed in terms of team building?

Good Average Needing Improvement I don't know

6. How do you think Highton Development has performed in terms of social welfare?

Good Average Needing Improvement I don't know

7. How do you think Highton Development has performed in terms of sustainable supply chains?

Good Average Needing Improvement I don't know

8. Do you have any other opinions on Highton Development's sustainable development?





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