

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 9878





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1. ABOUT THE REPORT

Huitongda Network Co., Ltd. (the “Company” or “Huitongda”) and subsidiaries (collectively the “Group”) are pleased to present the 2024 environmental, social, and governance (“ESG”) report (the “Report”). The Report is designed to disclose the Group’s ESG strategic layout, practical measures and achievements in 2024 to regulatory authorities, shareholders (the “Shareholder(s)”), investors, employees, customers and other stakeholders of the Company, so as to enhance information transparency and promote sustainable development.

1.1 SCOPE OF THE REPORT

The Report covers the Group’s ESG management policies and practices for the period from January 1 to December 31, 2024 (the “Reporting Period”), which is extended to previous years or before the date of publishing of this Report for specific topics for continuity and completeness of contents.

Unless otherwise specified, the scope of the narrative and social key performance indicators (“KPIs”) disclosed in this Report is the same as that of the 2024 Annual Report. The environmental KPIs cover only the Company’s headquarters in Nanjing, China.

1.2 REPORTING PRINCIPLES

This Report has been prepared in accordance with Appendix C2 “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide” or the “Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and covers: (a) Mandatory disclosure requirements; and (b) “Comply or explain” provisions. This Report is prepared in accordance with the reporting principles of the ESG Reporting Guide, including:

Materiality: The Group identifies ESG materiality issues related to the Group’s development through continuous communication and exchanges with stakeholders and discloses them through this Report.

Quantitative: This Report has covered all the KPIs required to be disclosed as required by the Guide and disclosed the corresponding statistical standards, methodologies, assumptions and/or calculation tools, as well as the sources of the conversion factors in the Report.

Balance: This Report presents an accurate, factual and complete picture of the Group’s ESG performance and avoids the risk of inappropriately influencing readers’ decisions or judgments.

Consistency: This Report adopts the same statistical and KPIs reporting methodology as in previous years. Any change to the statistical methodology or KPIs or any other relevant factor affecting meaningful comparisons will be specified in the ESG Report.

1.3 REPORT RELEASE

This Report is released in an independent form, and stakeholders can view Chinese and English versions on the official website of the Company (www.htd.cn) and the website of the Stock Exchange. In case of any discrepancy between the two versions, the Chinese version shall prevail.

1.4 CONTACT THE GROUP

The Group attaches great importance to the feedback and suggestions from all stakeholders and the public regarding this Report. If you have any comments or suggestions on the ESG performance of the Group, you are welcome to contact us via email at ir@htd.cn. We look forward to your valuable insights and working together to promote sustainable development.



2. CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to extend my warmest regards to all of you on behalf of the board of directors (the “Board” or “Board of Directors”) of the Company. In 2024, the Group was deeply engaged in the lower-tier markets. Against the backdrop of the structural adjustment of the macro economy and the continuous penetration of the digital economy, the Group integrated the ESG concept into its corporate practices to actively promote rural revitalization. Through the empowerment by digital technologies and supply chain, the Group established a sustainable industrial ecosystem in the lower-tier markets, continuously injecting impetus into the rural economy.

In terms of the environment, the Group has always taken sustainable development as one of its core strategies and has continued to increase the proportion of using clean energy to reduce the intensity of carbon emissions. Through sustainable supply chain management, the Group encourages upstream and downstream partners to jointly fulfill their environmental responsibilities. The Group believes that only with the concerted efforts of the entire industry chain can we truly build a green, recycling and low-carbon industrial ecosystem and contribute to the response to climate change and the protection of the global environment.

In terms of social responsibility, on the one hand, the Group covered 25,000 towns and 248,000 rural family-run stores across the country through empowerment of the supply chain, enabling rural consumers to enjoy the same goods and services as those in urban areas. On the other hand, the Group helped rural small stores to achieve digitalization, intelligence and AI integration, accelerating the digital and intelligent upgrading of rural family-run stores. Meanwhile, through cooperation between the government and enterprises, the Group promoted the “Internet +” initiative for agricultural products to go out of the countryside and enter the cities.

In terms of governance, the Group further improved its ESG governance framework. In 2025, the Company newly established a Sustainable Development (ESG) Committee, which is responsible for formulating and supervising the Group’s strategies, policies and implementation in terms of sustainable development and ESG. It also takes the responsibilities to identify key issues and stakeholders, assess risks and opportunities, and continuously improve the quality of ESG-related work. It is an important step for the Group to incorporate the concept of sustainable development into its governance system, strengthening the strategic management of ESG governance. It also helps to enhance transparency and improve risk resistance, thereby driving the Company towards high-quality and sustainable development.

Going forward, the Group will continue to deepen its ESG strategies by integrating the concept of sustainable development into its business operations and strategic decision-making, while promoting the upward movement of agricultural products and the downward movement of industrial products, so as to accelerate the circulation between urban and rural areas, thereby contributing to the domestic economic cycle. The Group firmly believes that by working hand in hand with stakeholders, we will jointly promote the sustainable development and create a better future.

Chairman

Mr. WANG Jianguo



3. ABOUT HUITONGDA

3.1 CORPORATE PROFILE

The Company is a leading industrial Internet company in China that utilizes digital technologies and supply chain capabilities to empower and serve the rural family-run stores. The Company was listed on the Main Board of the Stock Exchange on February 18, 2022.

For one thing, the Group provides customers with a stable and high-performing one-stop supply chain. For another thing, the Group provides SaaS+ services and merchant solutions for member retail stores, channel cooperative customers, brands and all other partners along the value chain through digital capability.

As of December 31, 2024, the Group has had in place a retail ecosystem covering 25,000+ towns dotted across 21 provinces, municipalities and autonomous regions in China. The Group's business reached 248,000+ member retail stores. The Group's products cover seven categories of consumer electronics, home appliances, agricultural materials, transportation, wine and beverages, home building materials, personal care and others.

The Company has been conferred the titles of Top 500 Enterprises of China, Top 500 Private Enterprises of China, Top 500 Service Enterprises of China, Top 100 Internet Enterprises in terms of Comprehensive Strength of China, Top 5 of the Top 100 Industrial Internet Enterprises of China, National Digital Business Enterprise, National E-commerce Demonstration Enterprise, National High-tech Enterprise, Key Software Enterprise Encouraged by the State, National Demonstration Enterprise for Supply Chain Innovation and Application, Strategic Emerging Industry Enterprise of China, one of the first units listed in the Digital Rural Service Resource Pool in Jiangsu Province, Fortune 500, and more.

3.2 MISSION AND VISION

Mission

"Creating a better life for rural people"

Vision

To become a leading commerce and service platform dedicated to business customers in the retail industry of China's lower-tier market

The Group actively responds to the country's policy of vigorously developing the real economy and promoting the transformation and upgrading of traditional industries. By deeply cultivating the real economy of rural areas, it also contributes to the revitalization of rural areas and takes social responsibility.

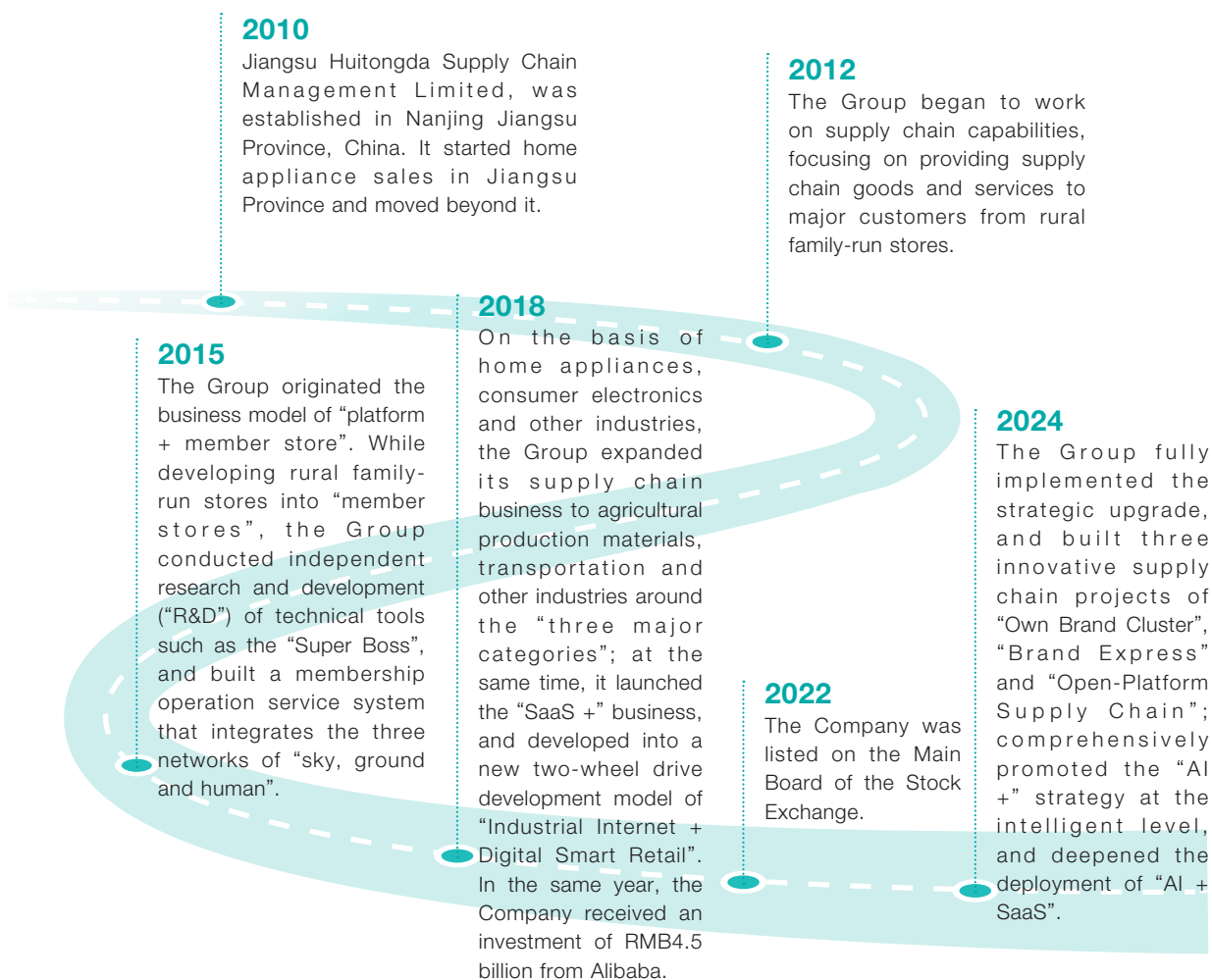


3. ABOUT HUITONGDA

With its excellent supply chain integration capabilities and cutting-edge digital technology, the Group has created a full-service system of one-stop commodity procurement, efficient operation management and precise marketing support for rural retail stores in the vast lower-tier market, effectively reducing the procurement cost of rural retail stores, improving operational efficiency, expanding sales channels and increasing revenue sources. These efforts have also greatly promoted the transformation and upgrading of the rural real economy and helped narrow the gap between urban and rural economic development, with more rural consumers enjoying higher quality products and services.

Under the guidance of the country's policy of revitalizing the real economy, the Group's development model is in line with the pulse of the times and resonates with the national policy, contributing significantly to the revitalization of rural areas and the high-quality development of the real economy. In the future, the Group will continue to deepen its ESG strategies, strengthen its social responsibility, promote sustainable development, and create greater economic and social value for the lower-tier market.

3.3 MILESTONES AND HONORS





3. ABOUT HUITONGDA

In 2024, the Group won a number of authoritative awards for its outstanding performance and unremitting efforts, fully demonstrating its industry influence and outstanding strength. These honors are not only an affirmation of past efforts, but also a driving force for continuous innovation and the pursuit of excellence.

In December 2024, the Group was ranked 5th in the list of “Qianfeng Award 2024 Top 100 Ebrun Industrial Internet Enterprises” issued by Ebrun.

In December 2024, the Group was awarded the “Most Popular Southbound Stock Connect Company of Annual Golden GuruClub Awards” by GuruClub.

In December 2024, the Group was awarded the “2024 China Listed Companies Reputation List • Listed Companies with Best Board of Directors Award” by the National Business Daily.

In December 2024, the Group was awarded the “Best Hong Kong Stock Connect Companies” and “Best CEO Award” by Zhitongcaijing.com.

In November 2024, the Group was awarded the “Outstanding Value of the Year in the ESG100 Green Development”.

In November 2024, the Group was ranked 8th in the list of “Top 100 Nanjing Enterprises” and 6th in the list of “Top 100 Nanjing Service Industry Enterprises”.

In October 2024, the Group was ranked 13th in the list of “Top 200 Private Enterprises in Jiangsu Province”.

In October 2024, the Group was awarded the “2023 Golden Bull Award for Hong Kong Stocks” by Securities Daily.

In October 2024, the Group was listed in the “2024 Top 100 Comprehensive Strength Internet Enterprises in China”.

In October 2024, the Group was ranked 119th in the list of “2024 Top 500 Private Enterprises of China”.

In October 2024, the Group was ranked 30th in the list of “2024 Top 100 Private Enterprises of Service Industry in China”.

In September 2024, the Group was ranked 296th in the list of “2024 Top 500 Enterprises of China”.

In September 2024, the Group won the “7th New Fortune Best IR Hong Kong Listed Company” award.

In August 2024, the Group was ranked 5th in the list of “2024 Top 100 Online Retails in China”.

In July 2024, the Group was ranked 235th in the list of “2024 China 500 of Fortune 500”.



4. ESG GOVERNANCE

4.1 STATEMENT OF THE BOARD

With full awareness of the importance of ESG to the sustainable development of business, the Board is fully responsible for the formulation of ESG strategies and relevant matters. To ensure the effectiveness of risk management and internal control systems, the Board is responsible for supervising and reviewing ESG issues to ensure compliance with legal requirements and compliance requirements. The Board is also responsible for the review of ESG work progress, and review of the content and quality of ESG reports. In addition, the Group highly values communicating with stakeholders to understand their aspirations and their expectations on the Group in a bid to establish sound communication channels with the stakeholders as a positive response to their demands.

In order to integrate sustainable development into the Group's operations, the Group has established an ESG governance structure to clarify the responsibilities and work description of each level. In 2024, the Board has considered key ESG-related issues. The Group has been paying close attention to the demands and expectations of stakeholders to ensure that material issues are timely and reasonable.

Adhering to the corporate mission of "Creating a better life for rural people", the Group upholds the Party building leadership, empowers rural member retail stores and partners of industry chain and supply chain by utilizing digital technology and supply chain capabilities, and will constantly give play to the advantages of industrial internet enterprises in developing the "platform economy". The Group also promotes the integrated development of digital economy and traditional entities, integration of urban and rural areas and regional coordinated development, and builds a "New Business Road" for two-way circulation between urban and rural areas to "expand domestic demand and promote circulation".

4.2 ESG GOVERNANCE STRUCTURE

In ESG governance, the Group has established a complete ESG governance system. In 2025, we newly established the Sustainable Development (ESG) Committee, which consists of Mr. WANG Jianguo, the Chairman, Mr. XU Xiuxian, the president, and Mr. SUN Chao, the vice president. Meanwhile, the Company has published the *Terms of Reference of the Sustainable Development (ESG) Committee of the Board* to clarify that the Sustainable Development (ESG) Committee is principally responsible for studying on and making recommendations to the Board for the sustainable development and ESG matters. The ESG governance structure consists of the Board, the Sustainable Development (ESG) Committee, ESG Working Group, and ESG Expert Group and resources to ensure the effective implementation of the ESG goals of the Group.



4. ESG GOVERNANCE

The following are the elements of the Group's ESG governance system:

Board of Directors

- Responsible for the overall management of the Group's ESG issues and overseeing the improvement of the relevant departments in ESG policies and measures, and receiving work reports from the Sustainable Development (ESG) Committee.

Sustainable Development (ESG) Committee

- Study and develop the Company's visions, objectives, strategies and management systems in relation to sustainable development and ESG to ensure that they are in line with the Company's strategic planning needs and comply with laws, regulations and regulatory requirements;
- Identify key corporate stakeholders and ESG issues, study and make recommendations on related sustainable development business with corporate stakeholders;
- Review and assess the implementation of sustainable development, ESG and other long-term corporate strategies to ensure that the Company's performance, operations and management are consistent with these strategies;
- Follow up and inspect the implementation of the Company's sustainable development and ESG work and make recommendations to the Board on actions needed to improve ESG performance;
- Review major trends in sustainable development and ESG, identify and assess risks and opportunities related to sustainable development and ESG issues, and ensure that the Company's position and performance related to sustainable development and ESG issues comply with relevant regulations and standards;
- Review the Company's annual environmental, social and governance reports and other information that should be disclosed related to sustainable development and ESG and make recommendations to the Board;
- Study and make recommendations to the Board on other major issues affecting the sustainable development of the Company; and
- Other matters authorized by the Board of the Company.

ESG Working Group

- Identify ESG risks and opportunities, analyze the Company's ESG performance, and provide measures to manage and respond to risks and opportunities;
- Establish and maintain an ESG data management system, promote and follow up the implementation of the Company's ESG objectives in each business unit and functional system, and ensure that ESG principles and practices are consistent with the organization's daily operations and decision-making processes.

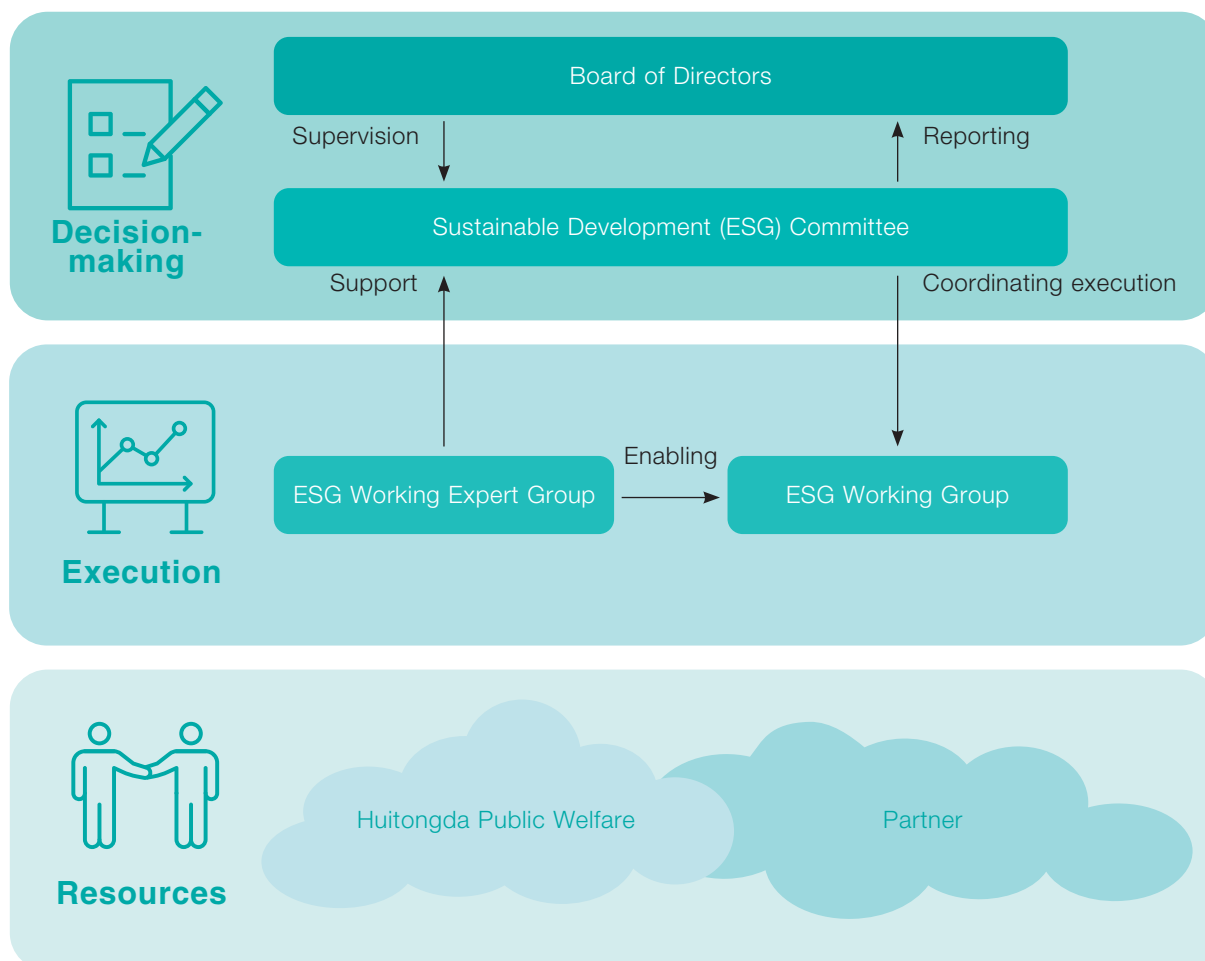
ESG Expert Group

- Based on the professional knowledge and experience in the ESG field, members of the ESG Expert Group provide professional advice to the ESG Working Group;
- Share the latest ESG trends and practices, and offer training courses and resources to help the members of the ESG Working Group to enhance their knowledge and skills in ESG management and implementation.

Resources

- Work closely with the public welfare partners on ESG efforts. Through working with eco-partners, integrate more resources and expertise to facilitate the implementation of ESG efforts.

4. ESG GOVERNANCE



The Sustainable Development (ESG) Committee established by the Company, as an important component of the ESG governance system, is responsible for coordinating and supervising continuous improvement of the ESG policies and management mechanism of relevant functional departments and will take the lead in formulating the medium-term and long-term corporate ESG strategies, to promote the sound, sustainable and high-quality development of the Group in the environmental, social and governance fields. At present, the Group has established a systematic foundation in key areas such as environmental protection, energy management, and supply chain transparency, forming an initial management system guarantee. To further enhance strategic foresight and execution, the Sustainable Development (ESG) Committee plans to conduct a systematic SWOT analysis to identify key risks and opportunities and optimize the path to sustainable development.

To ensure the continuous improvement of the capability to perform its duties and professionalism, members of the Sustainable Development (ESG) Committee will regularly participate in thematic training sessions covering the latest ESG standards, regulatory laws, and international best practices, to continuously strengthen their professionalism and judgmental ability in strategy formulation and supervision and implementation, and to provide strong support for the effective implementation of the ESG strategies.



4. ESG GOVERNANCE

4.3 RISK MANAGEMENT SYSTEM

Goals

The sound risk management system of the Group is capable of prospectively identifying, accurately assessing, and effectively controlling key risks that may affect the development of its business and ensuring that they are managed to an acceptable level, thereby enhancing operational efficiency, safeguarding the sound development of the enterprise and contributing to the realization of long-term strategic objectives.

Strategies

The Group has constructed a sound risk management and internal audit system and formulated the *Measures for Risk Management of Operating Activities*. The Audit Committee under the Board of Directors is specifically responsible for overall risk management and supervision, provided with sufficient professional resources and experienced teams, and supported by systematic training mechanisms and reasonable budgets to ensure the efficient operation and compliance of management processes. In addition, the Group has continued to optimize its organizational structure to enhance its risk warning and control capabilities and strengthen the foundation for sound corporate development. In 2024, the Group upgraded and maintained several internal control systems, including the *Internal Audit Policy*, the *Code of Business Conduct and Ethics*, and the *Anti-fraud Management Policy*, taking into account the development status of the business. The Group has improved the definitions of various types of breaches while clarifying the mechanism of accountability so that the system rules and operating environment are in line with the times and the capability to identify and prevent various types of risks is improved. The Group also continued to optimize and adjust the authorization system, completed the launch of several newly established controls, and promoted the launch of strong controls for prior application, to enhance efficiency while controlling risks. In 2024, the Group identified a total of 67 issues in its audits, of which the direct rectification items have been fully rectified, and the ongoing rectification items have been effective and continue to be followed up.

The Group has established a sound risk management system and formulated systematic policies and procedures to clarify the framework of risk control, division of responsibilities, and decision-making authority. The Group has integrated sustainability-related risks into its overall risk management process and has established mechanisms to identify, assess, and manage sustainability-related risks, including both internal and external channels. Internally, potential risk signals, such as safety breaches and carbon overruns, are collected through supply chain audits, employee whistleblowing platform, and production data monitoring systems. Externally, emerging risks (e.g., EU carbon tariffs) and market opportunities (e.g., renewable energy demand) are identified by tracking global ESG ratings, industry reports, regulatory developments, and stakeholder research (e.g., clients and NGOs). In addition, the Group has established a mechanism of three lines of defense to strengthen its risk identification, monitoring, and response capabilities.



4. ESG GOVERNANCE



The Board of Directors is responsible for reviewing the corporate governance system and operating standards of the Group to ensure that the governance mechanism is sound and compliant, which mainly includes the following aspects:

Director and Senior Management Development

- To oversee the training and continuous professional development of directors and senior management to ensure that the leadership team has up-to-date industry knowledge and management capabilities.

Compliance Management

- To ensure the strict compliance of the Group with laws, regulations and regulatory requirements, to minimize legal risks and to safeguard the sound operation of the business.

Industry Standards and Code of Conduct

- To supervise the implementation of industry standards by enterprises and ensure the effective implementation of the code of conduct for employees, so as to safeguard the corporate culture and professional ethics.

Implementation and Disclosure of the Corporate Governance Code

- To review the Group's implementation of the Corporate Governance Code, to ensure the transparency of governance practices and the accurate disclosure of relevant information in the Corporate Governance Report.



4. ESG GOVERNANCE

In response to corporate governance risks, covering diversity of the Board, anti-corruption, and data security, etc., the Group has continued to improve its governance structure, strengthened anti-corruption training, and enhanced its data protection capabilities. The Group will continuously monitor these risks and take appropriate measures to ensure sustainable development. The processes and procedures of the Group for determining risk appetite are set out below:

Risk identification and assessment	<p>Department in charge: The Sustainable Development (ESG) Committee takes the lead in identifying ESG-related risks in conjunction with ESG Working Groups and Business Department through internal and external data analysis, stakeholder research, and industry benchmarking.</p> <p>Tools and methods: A combination of qualitative and quantitative (e.g., risk matrix, scenario analysis) is used to assess the probability of occurrence and potential impact of risks.</p>
Risk appetite setting	<p>Goal-oriented: Acceptable risk thresholds (e.g. carbon emission intensity cap, supply chain compliance standards, etc.) are determined based on the strategic objectives of the Group, industry characteristics, and regulatory requirements.</p> <p>Decision-making process: The Sustainable Development (ESG) Committee prepares a draft risk appetite (including tolerance levels, avoidance priorities, etc.) and forms relevant documents.</p>
Risk appetite communication and execution	<p>Internal integration: Risk appetite is integrated into business decisions (e.g., investment approvals, supplier screening), performance appraisals, and budget allocations to ensure consistency of execution across departments.</p> <p>External disclosure: Core risk appetite metrics are disclosed to investors and regulators through ESG reports, annual reports, and other channels.</p>
Dynamic monitoring and adjustment	<p>Periodic review: The suitability of the risk appetite to the business environment is reassessed annually (or after a significant event).</p> <p>Early warning mechanism: Key risk indicators (e.g., energy consumption data, and public opinion fluctuations) are monitored in real-time through the digital system, and contingency plans are activated when thresholds are triggered.</p>
Mitigation measures against social responsibility risks (e.g., supply chain management)	<p>Supplier compliance audit: ESG risk assessments are conducted for all suppliers, and deadlines for rectification or elimination is required for non-compliant suppliers.</p> <p>Protection of employee rights: A 100% coverage of employment contracts is promoted for all employees and anonymous complaint channels are established. Funds for skills training are allocated every year to cover all levels of employees.</p> <p>Department in charge and implementation mechanism: Supply chain management is the joint responsibility of the Department of Commerce of the Internal Control Management Center and the Financial Management Center, and the Audit Committee supervises the implementation.</p>



4. ESG GOVERNANCE

Mitigation measures against anti-corruption risks

Institutional and cultural development:

The *Code of Business Conduct* and the *Anti-fraud Management Policy* are formulated, which explicitly prohibit bribery and transfer of benefits, and require all employees to sign a compliance commitment;

Anti-corruption trainings (100% coverage) are conducted annually, especially for senior management and high-risk positions (e.g., procurement, sales).

Monitoring and whistleblowing mechanisms:

An anonymous reporting platform (e.g., independent mailboxes, and third-party hotlines) is established to protect the rights and interests of whistleblowers and ensure that complaints are responded to and investigations initiated within 24 hours;

Frequency of periodic review of risk exposures: twice a year;

Over the past two years, the Internal Audit Department has conducted internal audits of various risk management processes, such as contract and seal management audits, product development audits, etc.;

The anti-corruption requirements of the Group are communicated to suppliers and partners, who are required to commit to the compliance standards of the Group.

Implementation and monitoring:

Department in charge: Audit Committee;

Technical tools: AI systems are utilized to monitor unusual transactions (e.g., large cash payments, related party transactions) and automatically freeze the process and report when an early warning is triggered.



4. ESG GOVERNANCE

Through systematic institutional design and dynamic monitoring, the Group identifies and prevents the risks of collusion (including corruption, fraud, monopolies, etc.) in both direct operations and third-party collaborations, ensuring that business activities are legal, compliant, and in line with ethical standards. The specific mechanisms are as follows:

1. Risk Identification and Assessment

- The Company conducts graded background checks on all suppliers, agents, and business partners, with a focus on reviewing historical litigation records, equity correlations, and compliance qualifications. For high-risk third parties, a stricter audit is required, and they are required to sign the *Anti-Corruption Commitment Letter*.

2. Preventive Systems and Tools

- The Company formulates the *Anti-fraud System* and the *Code of Business Ethics and Conduct*, explicitly prohibiting acts such as bribery and collusive bidding. For high-risk positions such as senior executives, procurement, and sales, compliance training is carried out, and the management is required to sign an annual compliance commitment letter.

3. Risk Handling and Accountability Mechanism

- The Company has an anonymous reporting platform, promising to provide feedback on the preliminary investigation results within 30 days, and retaliation against whistleblowers is strictly prohibited. For major cases, an independent compliance investigation team will intervene, and the investigation results will be directly reported to the Audit Committee. A “zero-tolerance” policy is implemented for non-compliant employees, and measures such as terminating cooperation will be taken against the third parties involved.

4. Third-party Relationship Management

- The Company leverages big data to monitor third parties, assessing compliance risks. The Company prioritizes audits of the top 100 suppliers to analyze and identify potential monopolistic behaviors to ensure that all cooperation behaviors meet compliance requirements.



4. ESG GOVERNANCE

The Group actively responds to emerging risks. With the acceleration of the digital transformation of the financial sector, the Group's business is highly dependent on technologies such as the Internet, big data, and artificial intelligence. The rapid development of emerging business forms, such as digital payments, blockchain finance, and intelligent investment advisory services, has made cybersecurity risks a core challenge.

Emerging Risks	Description	Impact	Mitigation Actions
Risks of Digital Finance and Cybersecurity	<p>(1) Data Leakage and Cyber Attacks: Financial services involve a large amount of users' private data (such as payment information and credit records), which may be exposed to cyber threats like hacker attacks and ransomware. This may affect customers' trust and continuous operations.</p> <p>(2) Technical Dependence and System Vulnerability: The complexity of digital infrastructure increases the risk of system vulnerabilities. For example, security flaws in APIs and biases in algorithm models may lead to abnormal transactions or decision-making errors.</p> <p>(3) Regulatory Compliance Pressure: Global data protection regulations are becoming stricter (such as the <i>General Data Protection Regulation</i> (GDPR) and the <i>Data Security Law of the People's Republic of China</i>). The requirements for cross-border data transfer and local storage have increased compliance costs.</p>	<p>(1) Financial Losses: Large-scale cyber attacks may lead to direct losses amounting to hundreds of millions of yuan (such as compensation for business interruptions and data recovery costs) and trigger regulatory fines.</p> <p>(2) Damage to Brand Reputation: The leakage of customer data may lead to damage to the brand's reputation, affecting market share and investors' confidence.</p> <p>(3) Restricted Business Expansion: Failure to meet the data compliance requirements of emerging markets (such as overseas markets) may impede the implementation of the internationalization strategy.</p>	<p>(1) Technical Reinforcement and Real-time Monitoring: Deploy a zero-trust architecture and end-to-end encryption technology, and ensure that key systems are certified under the information security management system. Establish a 7×24-hour cybersecurity operations center, and use AI algorithms to monitor abnormal traffic in real-time and automatically block attacks.</p> <p>(2) Compliance System and Ecological Collaboration: Set up a regional data compliance management organization to ensure that the business complies with local regulations.</p> <p>(3) Emergency Response and Capacity Building: Conduct full-scenario offensive and defensive drills every year to ensure the rapid activation of the emergency response, with the recovery time objective (RTO) for key businesses ≤ 4 hours. Employees in high-risk positions (such as technology development and customer service) are required to pass special assessments and sign confidentiality agreements to ensure that they have cybersecurity awareness and comply with operational norms.</p>



4. ESG GOVERNANCE

Emerging Risks	Description	Impact	Mitigation Actions
Risks of Artificial Intelligence-Content Security/Information Authenticity	Systematic Impact of AI-Generated Content (AIGC) on the Authenticity of Platform Content: With the maturation of AIGC technology, the barriers to behaviors such as generating false transaction data, forging user reviews, creating synthetic content, and fabricating identity information will become increasingly lower. Attackers may utilize generative AI to bypass the platform's risk control verifications (such as biometric identification and behavioral analysis), leading to issues like the entry of fake merchants, transaction fraud, and supply chain forgery, thus disrupting the trust chain among upstream and downstream enterprises on the platform.	(1) The "data pollution" affects the quality of data assets. (2) False customer information and product information undermine the credibility of the platform's data in the eyes of suppliers and retailers. (3) Regulatory authorities face increased pressure in conducting compliance reviews of false transactions.	(1) Build an "AI review" service based on large models, and detect the characteristics of platform content, platform customer information, etc. through multimodal content understanding (text + image + transaction flow). (2) For key business data (merchant qualifications, transaction vouchers), apply the data service capabilities of the industry, and combine zero-knowledge technology to verify the authenticity of the transaction subjects and the risks of the transaction subjects.

The Group has formulated the *Measures for Legal Risk Management of Huitongda's Business Operations*, which stipulates that the Legal Affairs Department shall be responsible for legal risk management and crisis management in business operations, and regularly sort out and analyze the potential legal risks and latent crises in the business. For businesses with potential crises, the Legal Affairs Department will put forward rectification suggestions to the relevant departments and urge them to carry out rectification in a timely manner to prevent the risks from escalating. Through this mechanism, the Group can effectively identify and manage various legal risks and crises, ensuring compliance and stability in its operations.

The Group conducts an assessment of the degree of risk exposure twice a year. In 2024, the Internal Audit Department carried out internal audits of various risk management processes, covering areas such as corporate governance and organizational structure, investment management, operation management and information management.

In addition, the Group conducts online training related to risk management principles and other relevant aspects for directors and related employees every year.



4. ESG GOVERNANCE

4.4 ESG STRATEGIES AND GOALS

The Group has always adhered to the core concept of “Creating Value Together and Sharing Growth”, deeply promoted ESG strategies, and comprehensively integrated business development, operation management, and corporate culture, so as to achieve the coordinated development of economic benefits, environmental protection, and social responsibilities. The Group has incorporated United Nations Sustainable Development Goals (“SDGs”) into its long-term corporate strategic plan, ensuring that while pursuing business success, it actively fulfills its environmental protection and social responsibilities and promotes the win-win development of the enterprise and society.



Strategy
Assist the development of rural family-run stores in rural towns

Description
Empower rural family-run stores in rural towns through innovative supply chain and digital technology-enabled services.

The Group's Objectives

The Group is committed to driving development with digital intelligence, promoting green synergy, and empowering through innovation. It aims to build a sustainable and highly efficient empowerment system, providing more development opportunities for grassroots business forms such as rural family-run stores in rural towns, and achieving high-quality development and long-term value growth.



Strategy
Contribute to rural revitalization

Description
Increase rural incomes and improve the production and living standards in rural areas by facilitating upward marketing of agricultural products and downward agricultural resources.

The Group's Objectives

The Group joins hands with the government and the supply and marketing cooperatives to promote digital transformation and supply chain upgrading, empower the modernization of agriculture and the cultivation of new farmers, and contribute to rural revitalization and the high-quality development of urban-rural integration.



Strategy
Protect the lucid waters and lush mountains

Description
Promote green operations and protect the lucid waters and lush mountains through resource utilization management.

The Group's Objectives

The Group is committed to promoting green operations and the efficient utilization of resources, continuously improving environmental performance, and building a green, low-carbon, and sustainable business operation and business model system.



Strategy
Build trust through compliance

Description
Establish a complete, efficient, and transparent compliance governance mechanism. At the same time, ensure user privacy and data security to build trust.

The Group's Objectives

The Group is committed to building a standardized, transparent, and sustainable compliant business operation system, strengthening the management of intellectual property rights and data security, strictly adhering to laws, regulations, and business ethics, implementing responsible marketing practices, and ensuring the stable development of the enterprise and the rights and interests of customers.



Strategy
Provide comprehensive support for employees

Description
Put people first, offer reasonable compensation and benefits, provide learning and promotion opportunities, and safeguard employees' family life.

The Group's Objectives

The Group is committed to building a standardized and efficient, soundly incentivized, and sustainable talent management system. By strengthening the protection of employees' rights and interests, optimizing the incentive mechanism and career development paths, it provides solid support for the long-term competitiveness of the enterprise and its high-quality development.



4. ESG GOVERNANCE

Internal Promotion Plan

The Group plans to commend the departments with excellent performance in the future to encourage them to continuously promote the achievement of SDGs. At the same time, for departments that damage the environment or fail to follow sustainable development behaviors, the Group will take corresponding punitive measures to ensure the effective implementation of the overall sustainable development strategy.

Assessment and Improvement

Relevant measures have been established to assess sustainability performance based on the set goals and indicators, and to identify improvement opportunities to address foreseeable challenges. The Group regularly collects information from each department regarding its performance on sustainable development and conducts comprehensive analysis and evaluation to identify the strengths and weaknesses of each department in various aspects of ESG, thereby assessing the progress towards the achievement of sustainability goals and the accompanying risks. Also, the Group will regularly assess and review the corporate governance system of sustainability goals in the future to ensure its effectiveness and identify areas requiring improvement. Through regular assessment and review processes, the Group will conduct a comprehensive analysis of the existing governance system, identify potential areas for improvement, and adjust and optimize relevant strategies based on evaluation results, so as to promote the continuous progress in environmental protection and social responsibility across departments, and ensure the Group's long-term advancement in sustainable development.

4.5 ESG POLICIES

Upholding the mission of “creating a better life for rural people” and with the vision of “becoming a leading commerce and service platform dedicated to business customers in the retail industry of China’s lower-tier market”, the Group has fulfilled the following sustainability commitments:

- ✓ **Protecting our lucid waters and lush mountains, empowering farmer development, promoting the low-carbon transformation and safeguarded biodiversity;**
- ✓ **Providing agricultural and commercial training and fair-trade support for business customers and farmers in lower-tier market, and entrepreneurial empowerment for disadvantaged groups, aiming to facilitate income growth and rural vitality;**
- ✓ **Building a system for downward agricultural resources and upward marketing of agricultural products; Creating a sustainable ecosystem in the lower-tier market that achieves tripartite synergies in “Ecology-Economy-Livelihood” through transparent governance and multi-stakeholder collaboration.**



4. ESG GOVERNANCE

4.6 STAKEHOLDER ENGAGEMENT

Our Group attaches great importance to interaction with various stakeholders and is committed to integrating its core concerns into sustainability strategies and practices. To ensure close alignment between business operations and societal expectations, we proactively establish diversified communication channels and conduct regular in-depth interaction with all parties. Through this approach, the Group can obtain timely feedback and optimize its sustainability pathways.

There are various participation channels of stakeholder engagement, including both direct interaction and indirect communication. For example, employees can provide feedback through quarterly administrative satisfaction surveys and the “Face the President” channel; customers can inquire and provide feedback via the 400 customer service hotlines; we maintain close liaison with shareholders and investors via general meetings and irregular communications; and suppliers sign a “Sunshine Agreement” with us upon joining our platforms. To collect stakeholders’ valuable opinions more comprehensively, the Group also solicits ratings and feedback through online questionnaires on various ESG issues from both internal and external stakeholders, including senior management, employees, shareholders, suppliers and partners, government regulators, communities and the public, users, peers and other groups.

Through these diversified communication channels and engagement mechanisms, the Group ensures full expression and due attention to all parties’ interests, and through disclosing information in ESG reports and other means, we respond to stakeholders and inform them of the risks and opportunities on sustainability considered by the Group, along with the formulated strategies, measures and plans, so as to continuously improve our ESG performance, ensure the effectiveness of sustainability plans, and promote the realization of sustainability goals.

Stakeholder	Expectation and Concern	Communication and Response
Users	<ul style="list-style-type: none"> Offering quality products and services to users Healthy Internet environment Continuously improving product and service quality Paying attention to user feedback 	<ul style="list-style-type: none"> Offering quality products and services to meet users’ needs Protecting user privacy Establishing a sound customer service system and a mechanism of customer feedback and complaints
Employees	<ul style="list-style-type: none"> Protecting employee compensation and benefits Caring for employee safety and health Fostering a good working environment Providing fair promotion and development opportunities Employee communication 	<ul style="list-style-type: none"> Strictly abiding by the terms of the employment contract and improving the system of compensation and welfare benefits Providing a safe and healthy working environment Providing staff development channels and organizing staff training Improving the working environment Providing equal communication channels



4. ESG GOVERNANCE

Stakeholder	Expectation and Concern	Communication and Response
Shareholders and investors	<ul style="list-style-type: none"> Increasing the Group's market capitalization and earnings Continuous improving performance of the Group's environmental and social responsibilities Timely, accurate and transparent corporate information disclosure 	<ul style="list-style-type: none"> Publishing reports regularly, disclosing information truthfully and fully, and striving to improve performance and create profits Improving the Group's governance and risk management, holding shareholders' meetings, strengthening investor relations management, and striving to improve environmental and social responsibility management
Suppliers/partners	<ul style="list-style-type: none"> Adhering to business ethics and observing the contract Prompt communication and willingness to listen Helping each other to grow together 	<ul style="list-style-type: none"> Fulfilling the contract in accordance with law Adhering to open and transparent business principles, implementing an open and transparent procurement model, and creating a responsible supply chain Implementing a normalized communication mechanism during the process of customers/suppliers enrolling to ensure that problems can be effectively reported and resolved
Government	<ul style="list-style-type: none"> Complying with law, operating in a compliant manner, and implementing national policies Helping the government improve social issues (disadvantaged groups, the poor, etc.) 	<ul style="list-style-type: none"> Strictly abiding by relevant laws and regulations, continuously strengthening corporate compliance management, and responding to relevant national policies Stimulating the local economy, advancing rural economic development and helping revitalize the countryside
Peers	<ul style="list-style-type: none"> Fair competition, honest cooperation, transparent and open information Complying with industry norms and promoting industry innovation 	<ul style="list-style-type: none"> Strengthening communication and cooperation with peers to jointly create a healthy and orderly competitive environment Participating in the industry innovation research, mutual benefit and progress and industry evaluation, and providing suggestions for industry regulations



4. ESG GOVERNANCE

Stakeholder	Expectation and Concern	Communication and Response
Environment	<ul style="list-style-type: none"> Coping with climate change risk Improving resource use efficiency Emission and waste management 	<ul style="list-style-type: none"> Improving the energy utilization efficiency Improving resource recycling Establishing a green data center Green office
Society	<ul style="list-style-type: none"> Rural revitalization and poverty alleviation 	<ul style="list-style-type: none"> Carrying out activities to help the poor and farmers Implementing programs to assist in grassroots governance

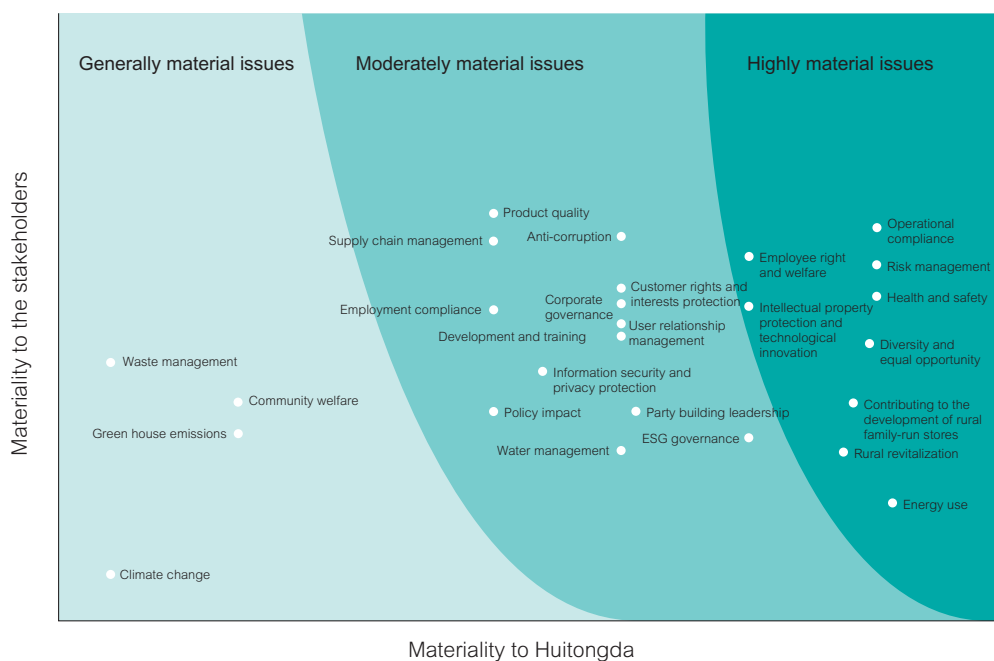
The Group has developed detailed channels of stakeholder engagement and established a corresponding record system to ensure transparency and traceability throughout all engagement process.

4.7 ESG MATERIALITY ASSESSMENT

The Group focused on the reference to the disclosure obligations covered by the Guide, and the database of materiality issues of the US Sustainability Accounting Standards Board ("SASB") and Morgan Stanley Capital International ("MSCI") for the relevant industries, and the ESG issues of peer companies, and ranked 9 highly material issues, 13 moderately material issues, and 4 generally material issues by collecting the ratings from both internal and external stakeholders including senior management, employees, shareholders, suppliers/partners, government regulators, communities and the public, users, peers and other groups through online questionnaires on various issues. The Group has continued to apply the materiality assessment results for the previous year since there have been no significant changes in the Group's business, operating environment and stakeholders.

The Group has responded to material ESG issues from stakeholders in the Report and has focused on highly material issues to reflect the Group's contributions to ESG development. The materiality matrix of the Group is as follows:

Materiality matrix





4. ESG GOVERNANCE

The corresponding sections of the Report are as follows:

Issue Classification	Issues	Corresponding Sections
Highly material issues	Operational compliance Risk management Health and safety Diversity and equal opportunity Employee right and welfare Intellectual property protection and technological innovation Contributing to the development of rural family-run stores Rural revitalization Energy use	5. Compliant Operation, Building up Trust 5. Compliant Operation, Building up Trust 7. Working Together to Create the Future 7. Working Together to Create the Future 7. Working Together to Create the Future 5. Compliant Operation, Building up Trust 6. Taking Responsibility and Advancing Shared Success 6. Taking Responsibility and Advancing Shared Success 8. Protecting Environment to Live in Harmony With Nature
Moderately material issues	Anti-corruption Customer rights and interests protection Corporate governance Product quality User relationship management Supply chain management Development and training Information security and privacy protection Party building leadership ESG governance Employment compliance Water management Policy impact	5. Compliant Operation, Building up Trust 5. Compliant Operation, Building up Trust 4. ESG Governance 6. Taking Responsibility and Advancing Shared Success 6. Taking Responsibility and Advancing Shared Success 6. Taking Responsibility and Advancing Shared Success 7. Working Together to Create the Future 5. Compliant Operation, Building up Trust 4. ESG Governance 4. ESG Governance 7. Working Together to Create the Future 8. Protecting Environment to Live in Harmony With Nature 4. ESG Governance
Generally material issues	Community welfare Greenhouse gas emissions Waste management Climate change	6. Taking Responsibility and Advancing Shared Success 8. Protecting Environment to Live in Harmony With Nature 8. Protecting Environment to Live in Harmony With Nature 8. Protecting Environment to Live in Harmony With Nature



4. ESG GOVERNANCE

4.8 PARTY BUILDING LEADING HIGH-QUALITY DEVELOPMENT

In order to continuously give full play to the core leadership role of Party Building in driving steady corporate progress, the Party Committee of Huitongda has closely followed the pulse of the times, and carried out a series of impactful learning and discussion activities. The Party Committee of Huitongda is dedicated to elevating the “three integrations” Party-building method to a new level, i.e. “integrating the Party’s red gene with the corporate cultural and spiritual efforts”, “integrating the Party’s team building with the corporate work on the cadre team”, and “integrating the national rural revitalization strategy with the corporate business development” to provide sustained red momentum for corporate development. In 2024, the Party Committee of Huitongda was included as a member unit of the Municipal Working Committee for non-party and new social organizations, taking on a higher mission.

Huitongda’s “three integrations” Party-building method has been highly recognized and commended by higher-level authorities, including the Organization Department of the Nanjing Municipal Party Committee. Additionally, Huitongda Party Committee’s case of “Party Building Drives Development, Integration of Digitalization and Real Economy Boosts Revitalization” was recommended by the Cyberspace Affairs Office of Nanjing Municipal Party Committee and shortlisted as an outstanding case of Party Building in Internet Enterprises in China.

Red soul: Reshaping corporate culture by integrating red gene	
<p>Innovative learning platform:</p> <p>The Huitongda Party Committee, standing at the forefront of political education, has closely aligned with the pulse of our times. It maintained Party branches at the core foundation and leveraged platforms such as the Three Meetings and One Lecture system and themed Party Day activities, integrated digital resources such as the “Xuexi Qiangguo” and “Nanjing Party Building” platforms, and established a three-dimensional learning model combining Party lectures by secretaries, model worker sharing and interactive study sessions. This comprehensive approach effectively ensured the Party’s innovative theories are thoroughly understood and internalized.</p>	<p>Strengthening discipline education:</p> <p>We conducted comprehensive education on Party disciplines and rules, reinforcing members’ awareness of rules and bottom-line thinking, effectively combating formalism and bureaucratism, fostering a clean and upright work environment, and contributing to the modernization of corporate governance systems.</p>



4. ESG GOVERNANCE

Party members leading the way: Team integration driving development

Exemplary leadership strengthening team-building:

The Huitongda Party Committee has pioneered the “Two-Way Cultivation” initiative, seamlessly integrating Party member cultivation with talent development. By establishing a “Masters and Mentors” program led by senior Party member executives and implementing the “Pioneers Post-90s” talent development plan, we have created a paired mentorship system to accelerate the growth of young professionals, endeavoring to develop cadres into party members and to cultivate Party members into administrators. For different levels of Party members and staff, the Group has launched specialized training programs including, Talent Class, Young Cadres Class, Yinhang Class, and capability trainings, continuously enhancing the comprehensive capabilities of Party members in multi-dimensions.

Party members playing key roles in year-end sales campaign:

As the year-end sales campaign commenced, the Huitongda Party Committee convened a “30-Day Sprint to Finish Strong” members’ mobilization meeting, inspiring all Party members to shoulder key responsibilities. Multiple “Party member task forces” were formed to ensure the successful completion of annual objectives.



4. ESG GOVERNANCE

Empowering rural vitalisation: Strategic integration demonstrating leadership

E-commerce empowers sales for farmers:

In 2024, the Group advanced high-quality rural e-commerce development. With support from commerce bureaus in Suining, Jiangsu and Baotou, Inner Mongolia, we organized online specialty sales campaigns such as the “Suining Haowujie” and “Yuehui Lucheng,” enabling over 1,000 agricultural products to reach urban markets via Huitongda, effectively creating new income streams for farmers.

Training talents for empowerment:

The Group's training instructors have taken root in rural areas, adopting an “on-field livestreaming + skills training” model to train over 2,000 new farmers, fueling the growth of rural e-commerce talent, honored as one of the first public-benefit instructors in Jiangsu's “Jiangsu products livestreaming” initiative for new farmers and recognized as an outstanding individual in rural e-commerce assistance by the Jiangsu Internet Association.

Under the guidance of the Party organization, the Group has organized internet marketing professional skills competitions. This “competition-as-training” approach provided a platform for skill exchange, enhanced the quality and quantity of talents, and empowered participants to contribute to postal logistics networks and rural vitalisation and.

Collaborative development for people's wellbeing:

The Group, in partnership with the Xiaolingwei Subdistrict Party Working Committee, has established the “Zhongshan Bee-Hive” Party-building hub, an innovative platform integrating business district Party-building with new-economy sector Party-building. The hub serves a 3-kilometer radius of commercial centers, supporting 28 express delivery and food delivery stations, and nearly 500 workers from emerging professions, including livestreamers, takeaway riders, couriers, and ride-hailing drivers.

In addition, the Group has launched a Party-building collaboration with Nanjing Integrated Traditional Chinese and Western Medicine Hospital. Through resource sharing and complementary strengths, the partnership enhanced healthcare services and Party member education, delivering improved medical security for employees and local residents.

In 2024, Huitongda further organized charity works in Jiangsu and “99 Giving Day” online fundraising campaigns, which mobilized employees and the public to donate, raising substantial funds for vulnerable groups and spreading compassion across communities.

Innovative model for resource integration:

Guided by Party-building principles, the Group not only advanced its corporate strategy, business growth, and governance but also leveraged its role as a platform enterprise to drive sustainable, high-quality development across its upstream and downstream partners.

During the construction and launch of the Huitongda Shengzhou Industrial Park and E-Commerce Public Service Centre, the Huitongda Party Committee collaborated closely with local governments and partners. By implementing the “three integrations” Party-building method, it has extended capabilities, including livestreaming commerce and skills training, to empower the local ecosystem.

The initiative integrated regional agricultural resources, established a product selection and exhibition platform, and accelerated the nationwide distribution of local specialties, injecting new momentum into rural vitalisation and showcasing the resource-mobilizing advantages of Party-led collaboration.



5. COMPLIANT OPERATION, BUILDING UP TRUST

- The United Nations SDGs related to this chapter



THE ESG MATERIALITY TOPICS DISCLOSED IN THIS CHAPTER

Highly material issues	Moderately material issues	Generally material issues
Operational compliance Risk management Intellectual property protection plus scientific and technological innovation	Anti-corruption Customer rights and interests protection Information security and privacy protection	/

The Group consistently upholds the principles of integrity-based operations and compliance-driven development, committed to building a robust compliance management and internal control system to ensure the lawful and compliant operation of the Group. By establishing a comprehensive intellectual property management system, the Group actively safeguard our legitimate rights and interests while respecting the intellectual property of others. In terms of data privacy and security, the Group implements necessary technical and managerial measures to protect user privacy and prevent data breaches, tampering, and loss. Furthermore, the Group prohibits all forms of commercial bribery and corrupt practices, continuously strengthening employee integrity training for employees. The Group adheres to ethical business conduct, rejects false advertising and consumer deception, and safeguards consumer rights to maintain a strong corporate reputation. Looking ahead, the Group will further enhance compliance management to support sustainable development and long-term value creation of the Group.

In 2024, the Group was only involved in the legitimate drinking alcohol industry and was not involved in the prohibited controversial weapon, gambling, tobacco, and alcohol industries.



5. COMPLIANT OPERATION, BUILDING UP TRUST

5.1 PROTECTING INNOVATIVE WEALTH AND INTELLECTUAL PROPERTY RIGHTS

5.1.1 Intellectual Property Protection

Goals

The Group is committed to strengthening intellectual property management, enhancing innovation capabilities, protecting independent R&D achievements, safeguarding market competitiveness, and driving technological progress in the industry. The Group strictly complied with laws and regulations related to intellectual property rights, including *the Patent Law of the People's Republic of China*, *the Trademark Law of the People's Republic of China*, *the Copyright Law of the People's Republic of China*, and *the Law Against Unfair Competition of the People's Republic of China*. In addition, the Group has formulated *the Huitongda Intellectual Property Rights Management System* and *the Intellectual Property Protection and Infringement Complaint Handling Policy*, which cover the management of software copyrights, patents, trademarks, fonts, graphics, software, and trade secrets among others to establish a comprehensive intellectual property management system, strengthen risk prevention capabilities, and provide solid safeguards for the innovation-driven development of the enterprise.

Strategies

In accordance with the relevant provisions of *the Huitongda Intellectual Property Rights Management System*, the Group uses incentive mechanisms to encourage technology R&D and product upgrading, applies for patent protection for innovation achievements in a timely manner, establishes a responsibility system for the management of intellectual property rights, strengthens measures for the protection of trade secrets, and regularly evaluates and improves the implementation of the relevant systems and measures to ensure that the Group protects its own intellectual property rights while avoiding infringement of other parties' intellectual property rights. If any holder of intellectual property right finds that the information published on the Group's platform infringes on his/her legitimate rights and interests, he/she can lodge a complaint in time, and the Group will handle the complaint in accordance with applicable laws and regulations and the rules of the platform. In order to ensure legal compliance in use of software, the Group will conduct annual software licensing audits and establish in-depth cooperation with software vendors to ensure that all software is legally authorized.

The Group opposes and combats any acts infringing on intellectual property rights and has deployed an internal network packet inspection system to further enhance the systematization and standardization of intellectual property rights management. By analysing the characteristics of the packets, the system can automatically scan and identify the use of unauthorized commercial software by employees to ensure that the Group can rectify the illegal acts and breaches in a timely manner. Upon receipt of a notice of intellectual property infringement, the platform will accept and respond to the complaint in accordance with *the Rules for Handling Complaints Relating Intellectual Property Protection and Infringement*. Upon receipt of a complaint, the platform shall publicize the complainant's infringement notice and examine the grounds for the complaint and supporting documents. Once the complaint is verified, depending on the likelihood of infringement and the severity of the case, the platform may take necessary measures, including deleting the infringing information, blocking the infringing goods or services, disconnecting the relevant infringing links, and terminating the transactions and services.



5. COMPLIANT OPERATION, BUILDING UP TRUST

QUANTITATIVE DATA

The table below shows the additional granted and cumulative number of software copyrights, patents, and registered trademarks of the Group as of December 31, 2024.

	 Software copyrights	 Patents	 Registered trademarks
Cumulative number (piece)	316	35	913

5.1.2 Technology Innovation

Goals

The Group is committed to establishing and promoting a culture of innovation. It actively encourages all employees and supply chain partners to engage in innovation practices in their daily work, contributing to the sustainable development of the enterprise. In the future, the Group will continue to carry out specialized process audits on innovation solutions and ideas to ensure that each innovation practice and idea can be effectively implemented in line with the strategic goals for long-term sustainable development. By continuously improving and optimizing the innovation process, the Group will further enhance its competitiveness in the industry, laying a solid foundation for its future sustainable development.

Strategies

In order to motivate employees to optimize existing mechanisms, processes and operating methods in their own work towards the goal of increasing efficiency, reducing costs and enhancing employee and user experience, the Group has launched the “Huibao Action” to promote employees to demonstrate their initiative, proactiveness and creativity in paying attention to and participate in the Group’s development and operation, and actively contributing their ideas and suggestions. Furthermore, the Group has set up the platform “Huixuetang”, on which various innovation learning cases have been uploaded to provide employees with extensive learning opportunities.

During the course of promoting technology innovation, the Group focuses on collecting and analysing relevant data and conducting regular risk assessments in order to determine the effectiveness of the implemented innovation practices and programs. It deploys a systematic information collection and feedback mechanism to assess the actual effect of innovation measures, and to make timely adjustments to and optimize innovation strategies. In the meantime, the Group conducts regular reviews to examine the process of establishing a culture of innovation and related programs, identify areas for improvement, and document the implementation effectiveness of enhancement measures. This series of evaluation and review activities helps to ensure the continuous promotion and optimization of the innovation culture.



5. COMPLIANT OPERATION, BUILDING UP TRUST



CASE

The Group and Nanjing University of Finance and Economics has joined hands in establishing the “Tourism Digital Intelligence Decision-making and Innovation Management Laboratory”, which has been approved as a Jiangsu Key Laboratory in universities. The laboratory will fully utilize the strengths of the Group in the application of digital intelligence, and leverage in-depth cross-disciplinary and cross-industry cooperation to build up a cultural and tourism digital intelligence innovation system integrating theoretical research, technology development and application demonstration. The Group focuses on the needs of the industry, adheres to technology empowerment, and makes active contributions in promoting research on digital decision-making and innovation management of enterprises.

5.2 PROTECTING PRIVACY INFORMATION AND DATA SECURITY

5.2.1 Privacy Protection

Goals

The Group always regards the protection of customer data and consumer rights and interests as its core responsibility. To fulfil this commitment, it has taken a number of measures aiming at preventing the leakage, alteration or loss of data, including use of encryption technology, access control, firewalls, etc. For safeguarding the privacy and security of personal information of individual users, the Group has incorporated its privacy policy into the overall risk and compliance management of the Group. It has formulated a series of policies such as the *Huitongda User Information Protection Policy*, the *Personal Information Collection List*, and the *Personal Information Sharing List*, and has updated the *Privacy Agreement (User Information Protection Policy)* to promote privacy protection and security in 2024.

Strategies

The Group has established a set of comprehensive data desensitization system and mechanism for use in our corporate data governance system to achieve comprehensive online compliance control over user privacy data and ensure data security in all aspects. For system-wide user privacy data, the Group has realized online management of full domain scanning and identification, and unified standards for user sensitive data, and achieved online management of encryption standards, usage standards, sensitive data scenarios and services. Based on the Group’s data security organizational structure, the Data Department is the responsible department for data security. It identifies sensitive data, carries out hierarchical management and protection, and implements stringent desensitization and encryption/decryption strategies. In addition to using encryption technology to protect sensitive data transmitted externally, the Group also adopts desensitization measures when handling sensitive data involving customers. All sensitive data, especially those involving user information, are stored in the database in encrypted form



5. COMPLIANT OPERATION, BUILDING UP TRUST

and the decryption keys are managed by specialized personnel. If sensitive data are need to be exported, the Group requires the relevant personnel to strictly scrutinize and approve the process. They shall carry out decryption operations only when necessary, keep complete records of the decryption process and conduct online statistics of the decrypted data.

In all of the Group's applications, any behaviors involving the collection of user data are explicitly prompted in the user interface. In accordance with the *Privacy Agreement (User Information Protection Policy)* displayed on the login page of the business system, users are asked by the Group to understand the use and authorization of such information and to strictly comply with the relevant laws and regulations and privacy protection requirements for the use and sharing of data. When there is a need for transferring data to third party partners, such as logistics service providers, the Group will also require them to have corresponding user data security protection mechanisms to fully protect user privacy. All access and usage logs for sensitive data are fully traceable, and confidentiality agreements are in place for all necessary sensitive data usage scenarios of the third parties.

CASES

- In February 2024, the Tencent Yunding Lab conducted a comprehensive assessment of the Group's data security using the DSMM model. Its core business team manually reviewed all data analysis requests involving personal information and developed customized privacy protection solutions to specific data analysis scenarios;
- In September 2024, all relevant facilities and systems of the Group have passed the ISO27001 certification for data encryption, desensitization, and secure transmission;
- In November 2024, the Group passed the MLPS Level 3 Certification. In the secure computing environment (secure appliance), the secure appliance adopts the HTTPS protocol for remote management and encrypted transmission of user password information, which can prevent eavesdropping of identification information in the network transmission process and ensure the integrity of the identification data in the transmission process.



5. COMPLIANT OPERATION, BUILDING UP TRUST

5.2.2 Data Security

Goals

The Group has always regarded Internet asset management and data security as one of its core tasks. In strict compliance with the *Personal Information Protection Law of the People's Republic of China* and other laws and regulations, it has formulated internal policies including the *Policy on the Security Management of Information Systems*, the *Policy on the Management of Database Backup and Recovery*, the *Policy on the Management of Emergency Handling of Information Systems*, the *Huitongda Policy on Classified and Grading Management of Data Security*, the *Confidentiality Management Policy*, the *Measures for the Management of Registration and Protection of Information Security* and the *Information Security Emergency Response Plan*. Leveraging its strict data security management systems, technical protection measures and compliance management, the Group is able to ensure the confidentiality, integrity and availability of internal information, data and documents, and enhance the overall internal control management of the enterprise.

Strategies

The Group has established a comprehensive data classification management, licence management and security risk management system for the whole life cycle of the R&D process. During the source code development and launch processes, the Group focuses on security risks and conducts regular testing on system vulnerabilities. In accordance with the *Huitongda Policy on Classified and Grading Management of Data Security*, the Group has formulated security strategies to ensure that all products have been systematically evaluated to comply with the requirements of data privacy regulations and to safeguard the security of data in the process of transmission and storage, thereby providing users with reliable data protection. In the meantime, on top of improving its internal data grading management system, the Group has fully considered potential external security threats, regularly commissioned professional external security companies to conduct security testing, and regularly monitored the leakage of consumer data, determined the preventive and control measures that need to be further strengthened, and carried out risk analyses to comprehensively prevent risks. The aforementioned measures have been effectively implemented every year, basically covering the full cycle of R&D, thereby realising all-round data and information security protection from internal to external sources.

Furthermore, in order to standardize the content and workflow of the Group's emergency response work, promote its emergency response capability, improve the emergency response mechanism, and ensure the safe and stable operation and business continuity, the Group has newly added the *Information Security Emergency Response Plan* in 2024. It also conducted internal and external network penetration tests, disaster preparedness drills, and recovery drills, and examined the availability of backup files on a quarterly basis. The Group has adopted the working principle of "prevention first, hierarchical responsibility". By eyeing on prevention, monitoring, emergency response, emergency protection, etc., it takes various measures to establish and improve departmental security responsibility system and multi-stakeholder working mechanism to strengthen inter-department coordination and cooperation in jointly performing the management duties of emergency response, thereby ensuring the effectiveness and efficiency of the emergency response plan and realizing scientific, procedural and standardised emergency response to emergency incidents. Whenever there is an emergency failure, the person concerned shall directly report to the Information System Department, which will report to the R&D director. The director will report the matter up the chain of command based on the fault handling and cleanup. The Information System shall



5. COMPLIANT OPERATION, BUILDING UP TRUST

conduct analysis and judgement with the help of security equipment, take blocking measures immediately, and notify the relevant responsible persons to block the loopholes. In their hands, the system will go live only after the loopholes are repaired and will be subject to recovery tests.

In terms of disciplinary actions for violations of information security regulations, in accordance with the *Policy on the Management of Emergency Handling of Information Systems*, the deputy team leader and team leader propose recognition and awards for teams or individuals who make their exceptional contributions during the information system emergency handling. For acts of negligence that cause adverse impacts or severe consequences, disciplinary recommendations shall be formally submitted in accordance with laws and regulations, and accountability shall be pursued. Upon resolution of the incident, a written report shall be prepared and submitted as a special briefing.

CASE

In 2024, the Group conducted trainings on secure coding standards and network and information security awareness. During which, 90 employees participated in the training on secure coding standards. The trainings elaborated on the principles of secure coding (including access control, transmission security and encryption, data protection, file uploading and downloading, etc.), and listed secure coding for the java language as a reference to enhance employees' professional knowledge and skills in secure coding. In addition, in order to raise the awareness of network security, prevent phishing attacks and regulate employees' network behaviour across the Group, a total of 1,389 employees participated in the training on network and information security awareness, which raised their overall cyber security awareness and deepened their understanding of cyber security by using examination questions.

In accordance with the *Measures for the Management of Registration and Protection of Information Security*, the Group has obtained the Information System Security Services Level Certificate (Level 3). In 2024, a total of 6 database disaster recovery drills were conducted, and through intranet scanning, over 20 weak database passwords were found, and repaired. During 2024, the Group did not have any incidents of illegal and breaches in relation to information security and privacy protection. Specific quantitative data regarding customer privacy information is shown in the table below.



5. COMPLIANT OPERATION, BUILDING UP TRUST

Customer privacy information

100%

Percentage of users whose customer data is used for secondary purpose¹

100%

Percentage of users whose customer data is used for primary purpose

Online strategies and customers online

43.95%

Percentage of total number of customers using online service solutions/sales platforms²

0.92%

Percentage of revenue from online/Internet business³

Information security/Network security and system availability

0Time

Total number of information security vulnerabilities

0Person

Total number of clients, customers and employees affected by the breaches

¹ Secondary purpose means that the Company intends to use the data beyond the primary purpose for which it was collected. The Company will build user profiles based on basic user information, life cycle, and user transaction behaviour, and customize customer labels and target customer segmentation based on the profiles for use in marketing campaigns (e.g., sending SMS, smart outbound calls, etc.).

² Number of SaaS users/number of registered member retail stores.

³ Revenue from SaaS service/total revenue.



5. COMPLIANT OPERATION, BUILDING UP TRUST

5.3 INTEGRITY AND ANTI-CORRUPTION FOR HONEST WORK STYLE

Goals

The Group is committed to fostering an honest and transparent business environment, and resolutely opposes any form of corruption, bribery, fraud, collusive bidding, market manipulation, and other unethical conduct. It strictly complies with the provisions of laws and regulations, including the *Contract Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on Banning Commercial Bribery* and has implemented the *Anti-Fraud Management Policy*, the *Standards of Business Conduct and Ethics*, the "Sunshine Agreement", and the "Integrity Initiative", covering relevant areas such as fair competition, anti-corruption and anti-bribery, discrimination, labor practices, property rights, etc. All of its management is required to sign an annual compliance undertaking. By improving the anti-corruption management system and performing systematic policy design and dynamic monitoring, the Group aims to uphold the principle of operating in good faith to ensure fair competition, regulate employee behaviours, identify and prevent risks of complicity, and safeguard the legitimate rights and interests of the Group and its stakeholders.

Strategies

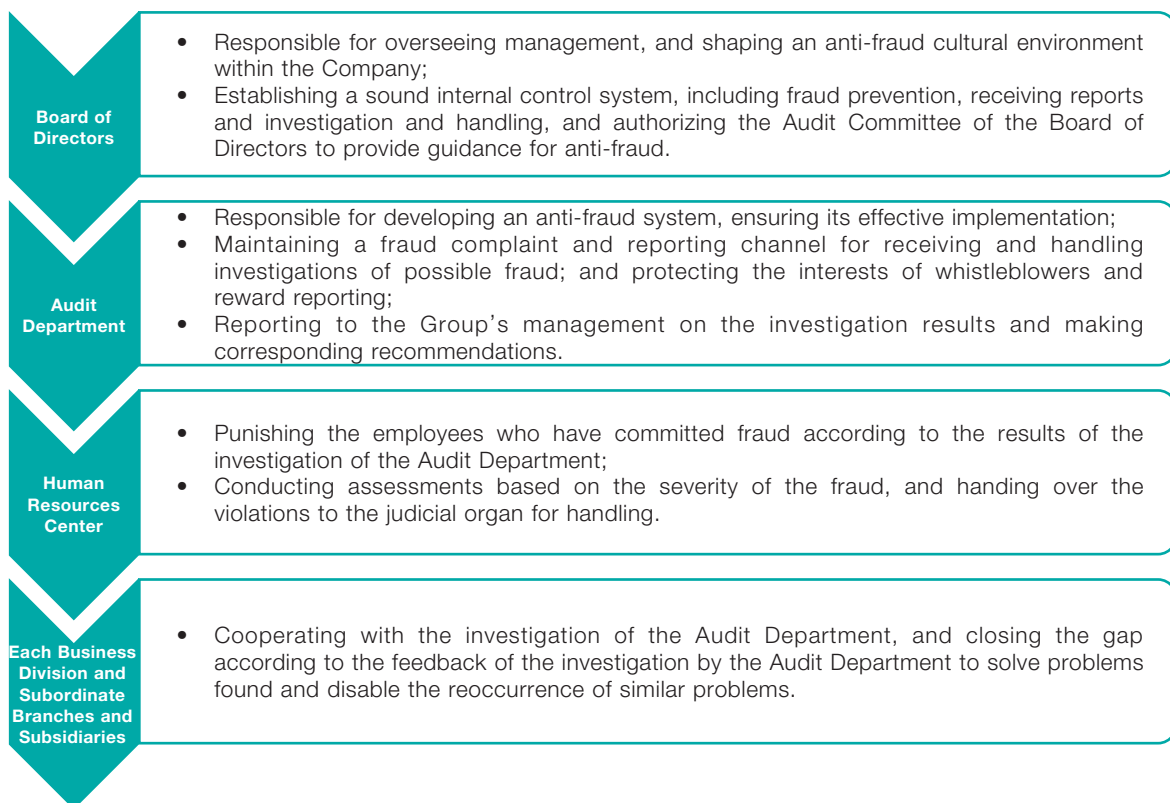
Anti-Fraud Policy

The Group has implemented a series of anti-fraud measures in order to effectively prevent all kinds of illegal, disorderly and corrupting, and malpractice behaviors that interfere with and undermine the business activities. The *Anti-Fraud Management Policy* stipulates the workflow for handling whistleblowing information. When the Group receives whistleblowing information, the Internal Audit Department will initially categorize the content of the whistleblowing report and contact the whistleblower to provide the necessary protective measures. It will ultimately submit the report to the CEO, who will, based on the content of the letter and the seriousness of the issue, instruct the Internal Audit Department to carry out investigations and formulate follow-up handling measures. Meanwhile, in the *Anti-Fraud Management Policy*, the division of responsibilities of each department is clearly defined to ensure that the Group achieves efficient and closely cooperative operations within the framework of compliance and legality.

In addition, it is stipulated in the Group's *Code of Conduct and Ethics* that the Internal Audit Department should conduct annual audits on various businesses, product R&D, financial management, resource management and other aspects, and report to the management. Formal audit reports should be issued if necessary, requesting the audited entity to rectify the problems and follow up on the rectification results. It is also explicitly stipulated that any employee who violates the Code will be subject to disciplinary punishments, including termination of the employment contract, according to the actual circumstances. The Group strictly prohibits retaliation against any employee who seeks help or reports in good faith any violation of the *Code of Conduct and Ethics*, and any retaliation will be subject to severe punishments, including termination of the employment contract. Through these measures, the Group is committed to maintaining a transparent and fair working environment, ensuring that employees can protect the Group's and their own interests within a compliance framework, and fostering healthy compliance culture.



5. COMPLIANT OPERATION, BUILDING UP TRUST



The Group conducts hierarchical background surveys on suppliers, agents and partners, focusing on previous litigation records, equity relevance and compliance qualifications. It also signs a “Sunshine Agreement” with suppliers and partners, which defines the anti-fraud regulations that the parties shall abide by and the consequences that they shall bear for violating the Agreement. Any behaviour that prevents, restricts or distorts market competition through conspiracy for pricing, market partitioning, bid rigging, output restriction, etc. is strictly prohibited. For high-risk third parties, they are required to undergo stricter audits and sign the *Anti-Corruption Commitment*.




In addition, in terms of dynamic monitoring, the Group utilizes big data to analyze the transaction patterns of third-party manufacturers to identify potential monopolistic behaviour (e.g. abnormal convergence of regional pricing). Through the above measures, the Group aims to ensure that all partners can fully recognize the materiality of preventing anti-competition behaviour, and avoid potential risks of breaches, so as to jointly safeguard a clean and transparent business environment.



5. COMPLIANT OPERATION, BUILDING UP TRUST

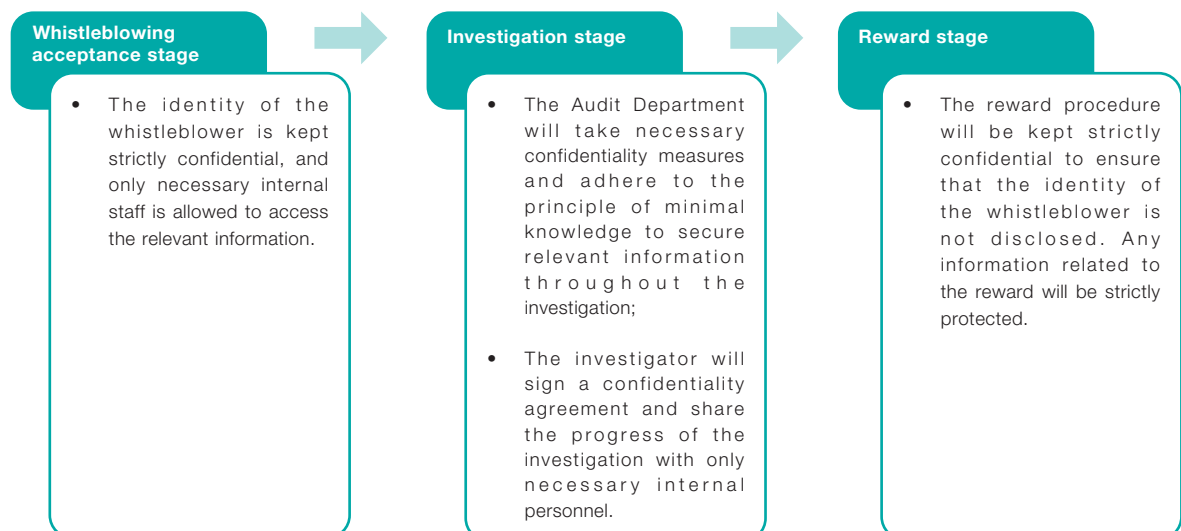
Whistleblowing System and Whistleblower Protection

The Group encouraged employees and partners to exercise their rights of whistleblowing when spotting bribery or corruption issues. The Group has published whistleblowing channels through documents, web pages, App client terminals, procurement contracts, posters and other means, and opened the anti-corruption hotline. Employees can submit their whistleblowing report or feedback through the following channels:

-  **Whistleblowing tel:** 025-89677688
-  **Whistleblowing email:** jubao@htd.cn
-  **Anti-corruption whistleblowing tel:** 400 639 9988

In addition, employees can also provide direct feedback to their HR or audit colleagues if they have any questions or comments. Via these channels, the Group strives to provide employees with an open and transparent communication platform to ensure that problems are resolved in a timely and effective manner and promote the building of a compliance culture.

As the core department responsible for investigating fraud and corruption, the Audit Department has stricter background screening standards than other departments when hiring employees to reduce potential risks. The Audit Department is under the direct management of the Audit Committee and reports independently to the Board of Directors, with an independent director serving as the head of the Audit Committee. Where a conflict of interest presents itself between the auditor and the reported object, the Group will follow an avoidance mechanism to prevent any potential bias or conflict. Major cases shall be intervened by the independent compliance investigation team (including external lawyers and forensic accountants), and the investigation results shall be reported directly to the Audit Committee of the Board of Directors, which guarantees the confidentiality, independence and objectivity of the whistleblowing report acceptance and investigation from the governance structure, provides solid system guarantee for the anti-corruption of the Group, and fully ensures that all the whistleblowing report can receive fair and just investigation and handling. Once confirmed, the breaches will be handled in strict accordance with the relevant system. The report handling work can be divided into three phases, namely whistleblowing acceptance stage, investigation stage and reward stage:





5. COMPLIANT OPERATION, BUILDING UP TRUST

In order to protect the legitimate rights and interests of the whistleblowers and the security of information, the Group specifies in the *Anti-Fraud Management Policy* that auditors who receive complaints and whistleblowing report must strictly observe the discipline of confidentiality, and that the Audit Department will strictly keep all reported information confidential without divulging the whistleblowers' identity information such as name, unit, address, telephone number, etc., or presenting to the external staff the originals or photocopies of the reported materials. During the investigation of whistleblowing, the Audit Department will take necessary technical and organizational measures to ensure the confidentiality and integrity of the whistleblowing information. The reported information will only be accessed and used by authorized personnel during internal investigation and handling. Any leakage will be regarded as a serious violation, and the Group reserves the right to investigate relevant responsibilities.

It is explicitly stipulated in the *Anti-Fraud Management Policy* that no unit or individual shall discourage or suppress the whistleblowing by a whistleblower with any excuse, or take any means to retaliate against a whistleblower, or impede the investigation by an auditor. In the event of any of the above behaviour, the Group shall have the right to deal with them, and any violations of the national laws shall be handed over to the judicial organs for handling. For non-compliant employees, the Group implements a "zero-tolerance" policy, including but not limited to termination of employment contracts and recovery of illegal gains. As for third parties involved, the Group will take measures such as termination of cooperation, blacklisting, etc. and report to the regulatory authorities as appropriate. The Group aims to maintain a safe and reliable whistleblowing channel to protect the rights and interests of whistleblowers and the security of personal information, and effectively combat anti-corruption and fraudulent behaviour, so as to safeguard the compliant operations and healthy development of the enterprise.

CASE

In order to cultivate employees' anti-corruption awareness, enhance their professional ethics and prevent legal risks such as work-related crimes, the Group's Audit Department has launched a variety of training and seminars, and will provide compliance training for high-risk positions such as senior management, purchasing and sales. The Group also regularly publishes integrity articles covering anti-corruption principles, self-discipline bottom line, analysis of typical cases and ethical guidelines, etc., in order to guide employees to uphold the principle of integrity in daily work and life, and advocate preventing corruption from the source.

In 2024, the Group provided various online training for employees via the internal online learning platform "Huixuetang", which guaranteed extensive coverage and high participation of the training. In 2024, a total of 565 employees attended the training on "Huitongda Anti-fraud Management System"; 322 employees attended the training entitled "Boundaries cannot be Overstepped and Bottom Lines must be Observed in Life"; 45 employees attended the training on "Integrity Culture Publicity". Looking ahead, the Group will continue to deepen its anti-corruption education, provide relevant training to directors and employees, raise employees' anti-corruption awareness and attention to integrity, consolidate and develop an integrity culture, and create a clean and honest internal environment for the Group's sustainable development.

In 2024, the Group and its employees were not aware of or involved in any breaches of laws and regulations such as bribery, corruption, conflict of interest, money laundering or insider trading.



5. COMPLIANT OPERATION, BUILDING UP TRUST

5.4 RESPONSIBLE MARKETING AND SHOULDERING CORPORATE RESPONSIBILITIES

5.4.1 Responsible Marketing

Goals

As a responsible enterprise, following the principle of truthfulness and transparency, the Group is committed to implementing responsible marketing and advertising strategies. Taking the protection of consumers' rights and interests as its core objective, it should ensure that its business promotion complies with relevant laws and regulations, industry standards, business ethics and social expectations, and that all its marketing activities and advertisements have truthful and accurate contents, avoid misleading publicity in any forms, and undertakes to make continuous improvement and accept the social supervision.

Strategies

The Group disseminates information through various channels, including online platforms, offline services and hotlines, and updates information and relevant rules from time to time, in order to ensure that the product and service information provided for customers is clear, accurate and comprehensive. Customers can visit the information publicity platform of the official website at any time to check the latest products, services and related rules.

The Group has established a perfect advertisement review mechanism to guide all the employees and partners to carry out marketing activities in a responsible manner. The contents of all the released advertisements will be strictly scrutinized to ensure that they comply with the requirements of consumer rights protection. The Group will fully communicate with manufacturers on the publicity materials of all products, which will be reviewed by lawyers to ensure that they comply with legal requirements and manufacturers' requirements before they are made public.

The Group's core commitment related to responsible marketing covers three major aspects, namely, information transparency, data responsibility and special protection. The Group proactively promotes honest operation, eliminates false advertising and endeavors to provide consumers with truthful and reliable products and service information. When competing with its peers, the Group adheres to the principle of fairness and does not denigrate its rivals or take improper means for comparison. Meanwhile, the Group focuses on the protection of consumer privacy and strictly complies with relevant regulations on data and privacy security in the data collection and use to ensure the security and confidentiality of consumer information. For more information on the protection of relevant personal data, please refer to Section "5.2 Protecting Privacy Information and Data Security".



5. COMPLIANT OPERATION, BUILDING UP TRUST

Information Transparency

All advertisements must be clearly labeled with an "advertisement" tag. Promotions in regulated sectors such as healthcare and finance must obtain the legally required qualifications in advance;

Promotional claims made during livestream marketing must be truthful and valid; deceptive language such as fabricated "limited-time offers" is strictly prohibited.

Data Responsibility

Only essential information may be collected within the scope permitted by law and with user consent. Customer data must not be used for undisclosed purposes;

When incorporating third-party data, its legitimate source must be verified, and a confidentiality agreement must be signed.

Special Protection

Protective measures must be in place for vulnerable groups such as minors, the elderly, and persons with disabilities. These include: refraining from sending non-essential product advertisements to users under the age of 18, providing elder-friendly promotional materials with a minimum font size of 14pt, and ensuring that digital content is accessible via screen readers.

To enable ongoing oversight of responsible marketing, all marketing initiatives of the Group must undergo compliance review by legal personnel, with key advertising materials archived. Existing promotional activities are subject to random inspection, with a focus on verifying content authenticity and monitoring consumer feedback. For dispute resolution, the Group has established an official customer service hotline and complaint channel to ensure timely response and handling of consumer concerns. Any non-compliant marketing activity must be immediately suspended, and corrective measures publicly disclosed. Additionally, the Group has conducted annual policy compliance evaluations and updated policies promptly in response to major legal changes. New employees are required to receive training on marketing-related knowledge upon onboarding, and all suppliers must sign a responsibility commitment when entering into cooperation.

In addition, to foster an open, transparent, trustworthy, and accountable business environment of the Group, enhance its reputation in the e-commerce sector, establish a new industry benchmark, and protect the legitimate rights and interests of buyers, the Group has formulated and implemented a series of internal regulations, including the *General Provisions on Merchant Management*, the *Huitongda Product Listing Standards for Merchants*, and the *Huitongda Prohibited Product Management Guidelines*. The *General Provisions on Merchant Management* adhere to the principles of transparency, fairness, and impartiality, outlining the fundamental business practices and responsibilities of platform merchants in areas such as transaction management, market governance, and handling of breaches. Through a cumulative points-based penalty system, breaches are addressed in a timely manner to safeguard a sound commercial environment. The *Huitongda Product Listing Standards for Merchants* stipulates that merchants are prohibited from publishing products or advertisements that violate national laws or the Group's policies. Should a merchant's uploaded content breach these standards or result in any legal consequences, the merchant in question shall bear full legal liability and be responsible for compensating any related losses, including but not limited to those arising from consumer complaints and whistleblowing, regulatory penalties, breach of contract, or intellectual property disputes. The Group reserves the right to take disciplinary action against the merchant, including termination of cooperation.

As of 2024, the Group has not discovered or been involved in any illegal cases or breaches in marketing activities.



5. COMPLIANT OPERATION, BUILDING UP TRUST

5.4.2 Customer Satisfaction

Goals

Customers are the foundation of an enterprise's development, and their satisfaction is a key indicator of service value. As an industrial internet platform rooted in lower-tier markets, the Group consistently prioritizes customer needs. Through digital empowerment, refined operations, and continuous service upgrades, the Group strives to create long-term value for rural retailers and industry chain partners. Comprehensive measures have been implemented in the areas of customer service system development, experience optimization, and feedback mechanism improvement, all aimed at enhancing customer satisfaction and building a strong corporate reputation. Looking ahead, the Group will remain customer-centric and work hand in hand with partners to build a more efficient and empathetic service network, ensuring that the benefits of the digital economy could reach a broader rural market.

Strategies

The Group has obtained ISO 27001 Information Security Management System certification and has formulated, implemented, and monitored a series of consumer protection policies, including the *Huitongda Prohibited Product Management Guidelines*, the *Huitongda Open Platform Deposit Management Rules*, the *Huitongda Merchant Price Management Guidelines*, the *Huitongda Product Quality Standards for Platform Merchants*, the *General Provisions on Merchant Management*, the *Merchant Breaches and Penalty Rules*, and the *Intellectual Property Protection and Infringement Complaint Handling Rules*. To regulate customer management and improve the overall quality of customer service, the Group has also established internal policies such as the *Huitongda Customer Classification Standards* and the *Customer Admission Criteria Management Guidelines*. Based on varying customer definitions, customers are categorized into four main groups. Corresponding onboarding and management standards are set for each customer type.

To clarify the response timeframe, handling procedures, and responsible departments for customer feedback and complaints, the Group has adopted a customer-centric approach by formulating the *Customer Complaint Handling Guidelines*. Complaints are categorized and addressed based on the severity of the issue, with the aim of ensuring a positive customer experience throughout the complaint resolution process, thereby enhancing overall satisfaction with the Group's services. The Group has established multiple feedback channels, including a 400 customer service hotline, online QQ support, and direct access via the official website. In addition, a fully digital, end-to-end complaint management system based on an intelligent ticketing system has been implemented, enabling closed-loop management from the complaint receipt and ticket processing to the issue resolution and feedback delivery.



5. COMPLIANT OPERATION, BUILDING UP TRUST

Complaint Levels	Definitions	Response Time	Resolution Time
Special-level Complaint	Incidents where customer dissatisfaction with business processes leads to legal action or attracts coverage from county-level or higher media outlets, thereby impacting the Group's public image and reputation; or customer reports involving significant personal injury or property loss through hotline feedback.	5 minutes	30 minutes
Level 1 Complaint	Complaints originating from external parties such as market regulators, government agencies, or media organizations; or situations where a customer, during the complaint process, exhibits extreme emotional distress and indicates intent to complain or expose the matter via external channels.	5 minutes	1 hour
Level 2 Complaint	Cases in which a customer has contacted the service hotline three or more times regarding the same issue, where the claim or request is reasonable, but the problem remains unresolved in a timely manner; or where a member retail store's complaint has not been addressed within 48 hours.	5 minutes	2 hours
Level 3 Complaint	Issues that disrupt normal business transactions for the customer, resulting in an inability to proceed with operational tasks.	5 minutes	3 hours
Level 4 Complaint	Issues that do not prevent business transactions from proceeding but result in a poor customer experience.	10 minutes	24 hours
Level 5 Complaint	Suggestions made by customers regarding flaws or shortcomings in business processes, digital tools, or promotional campaigns, which do not impact transactions, operations, or the overall customer experience.	10 minutes	24 hours

Through the intelligent customer service assistant, customers can submit standardized complaint tickets online. The system automatically identifies the issue type and evaluates its urgency, enabling 100% online processing. Each ticket is assigned to a dedicated staff member for follow-up, and the system comprehensively records key data, including the time of complaint, customer information, issue description, handling process, resolution, and satisfaction evaluation. Based on the complete handling records, the Group conducts regular analysis of complaint data to identify service shortcomings and implement targeted improvements, thereby continuously enhancing service quality and customer experience. Follow-up surveys are also conducted on complaint resolutions, and experience is summarized to further optimize processes, ensuring that every customer complaint is properly addressed.



5. COMPLIANT OPERATION, BUILDING UP TRUST

CASE

To improve customer satisfaction with the Group's products and tools, the Group has incorporated customer feedback into its due diligence process. The 400 customer service hotline uses a CRM (Customer Relationship Management) system to conduct regular satisfaction call-back surveys. In addition, customer feedback is collected and recorded through three channels: AI-powered voice interactions for sales and marketing activities, as well as in-person visits by regional business representatives. These efforts help clarify customer expectations and enable timely corrective actions in areas with lower satisfaction levels, followed by continuous tracking to ensure improvements. In 2024, customer satisfaction with the Group's tools and promotional activities exceeded 95%, with customers proactively calling to inquire about product renewal options.

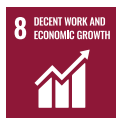
In 2024, the Group received a total of 36 customer complaints. The resolution rate of complaints submitted through the ticketing system reached 100.00%, with 100.00% of issues fully resolved. The average complaint closure time was less than 48 hours. There were zero complaint escalations in 2024, and customer satisfaction with complaint handling reached 90.00%.

In addition, the Group conducts product and service satisfaction surveys at least once per quarter. In 2024, a total of five large-scale surveys were carried out, covering more than 2,000 clients. A total of 2,027 telephone follow-up interviews were completed, resulting in an overall satisfaction rate of 95.30%.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

- The United Nations SDGs related to this chapter



KEY ESG TOPICS DISCLOSED IN THIS CHAPTER

Highly Important ESG Topics	Moderately Important ESG Topics	Generally Important ESG Topic
Intellectual property protection and technological innovation Supporting the development of rural family-run stores Rural revitalization	User relationship management Supply chain management Policy impact	Community public welfare

The Group's business is closely aligned with national strategies, particularly in areas such as rural revitalization and the digital economy, where it has played a significant role. As a digital empowerment platform deeply engaged in rural markets, the Group leverages technological innovation and supply chain integration to assist rural retailers in their transformation and upgrading, thereby improving the circulation efficiency of rural consumer markets. This not only aligns with the national policy direction of promoting rural e-commerce and urban-rural integration, but also provides strong support for enhancing the vitality of county-level economies and promoting the upgrading of rural industries. Furthermore, the Group's development model contributes to bridging the urban-rural digital divide and fosters high-quality rural economic development, resonating with the national goal of accelerating the construction of a new development paradigm.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

6.1 OPTIMISING THE INTEGRATION OF RESOURCES THROUGH DEMAND-BASED PROCUREMENT

2024 Government Work Report	Practices of the Group
Vigorously boosting consumption stimulating domestic demand across the board	Building “two ends and one channel” for industrial interconnection to establish next-generation supply chain infrastructure
Expanding domestic demand and promoting sound economic growth	Expanding our business of member retail stores to tap into the trillion-yuan rural market

6.1.1 Efficient Supply Chain for Sustainable Growth

Goals

The Group is committed to building an efficient, intelligent and sustainable supply chain system to enhance supply chain resilience, optimize cost management, improve operational efficiency and ensure the transparency and compliance of the supply chain. Leveraging digital transformation, construction of green supply chain and synergic development with suppliers, we will promote long-term sustainable corporate growth, while contributing to the quality development of the industry and society.

Strategies

A first-in-class business model of “platform + member store”,
empowering **248,000+** rural family-run stores

The Group has built “two ends and one channel” for industrial interconnection, and established a first-in-class business model of “platform + member stores”, covering seven major industries including consumer electronics, household appliances, agricultural means of production, transport and mobility, alcoholic drinks and beverages, household building materials, detergents and chemicals and others. Due to the characteristics of the lower-tier markets in China, the Group has actively innovated its industrial model and developed diversified and effective paths. The Group’s three supply chain strategies are as follows:



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



Initiatives for brand promotion

Through strategic cooperation with branded manufacturers to create a digital supply chain of "TOP cooperation + short chain + S2B2C digital tools". This allows rural consumers simultaneously to enjoy the same commodities, prices and services as those in city, so that rural family-run stores can have an official channel to increase the "flow" of commodities, thereby expanding their businesses.



Initiatives for our own brands' ecosystem

Deepen the R&D and production of products to build a flexible supply chain of "own brand + demand-based production + short chain", focusing on meeting the needs of price-sensitive consumers and member retail stores with value-for-money preferences, realizing the "affordable big brands alternatives", and seamlessly connecting production with demand to enhance the efficiency of the industry chain and activate idle production capacity.



Initiatives for open, intelligent supply chain platform

By building a "POP supply chain hub + AI transaction engine", more brands have the opportunity to enter rural markets and more commodity choices for rural family-run stores. This addresses the long-tail demand of the rural market, activating domestic demand and boosting consumption.

In order to optimize supply chain management, the Group has built up a set of supplier management systems and standardized operating procedures covering the entire process. To ensure the sustainability and compliance of the supply chain, it has implemented a full-life cycle management of suppliers from key aspects such as screening, onboarding, activation, evaluation and elimination with various measures including qualification rating, risk rating, public opinion monitoring, etc. In addition, the Group continuously revises its supplier admission system and conducts specialized trainings to ensure that relevant parties can accurately understand the latest supplier screening criteria. The Group strengthens the responsibility and capability of its suppliers through a cooperation mechanism, and formally establishes the cooperation relationship by procurement contract after clarifying the cooperation intention with the suppliers. In such contracts, there are explicit clauses about relevant responsibilities and requirements, including confidentiality clauses and integrity clauses, etc.

Functional/Business Dual-Line Approval System

When fulfilling functions such as supplier qualification review, the Group's procurement, audit, and other departments work shoulder by shoulder with the department of business in order to enhance the quality of supplier network. Meanwhile, the Group also continuously improves approval standards and accountability criteria to strengthen its quality management capabilities.

Service Provider Management Platform

The Group has developed a service provider management platform to provide professional platform management services. Through the establishment of a three-tier service provider management system, it aims to promote the development of the service provider model and customer onboarding.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

Supplier onboarding

In order to standardize the management of supplier admission and make the screening process more scientific, the Group has formulated *the Policy on Classified Supplier Onboarding*, which states the specific admission criteria and processes. The system conducts a comprehensive assessment of suppliers across multiple ESG-related dimensions, including financial stability, production capacity, product quality, and environmental & social responsibility. For some new suppliers, the Group conducts in-person visits and completes background checks during the qualification phase. Furthermore, with the help of a third-party software, the Group also raises inquiries about suppliers' external risk factors, makes consultations and find out solutions about potential issues for ensuring that the selected suppliers meet compliance requirements and have stable and reliable supply capability.

The Group has established a comprehensive supplier risk identification mechanism, focusing on reviewing various potential risk factors. For instance, in terms of suppliers' business registration status, the Group strictly screens their credit records to ensure no history of default. For branded suppliers, the Group requires the provision of key qualification documents such as trademark registration certificates and production licences. With this series of onboarding criteria, the Group is able to accurately identify quality suppliers that meet requirements, mitigate collaboration risks at source, and safeguard the stability and compliance of the supply chain.

Supplier identification

Categorizing and grading of suppliers

When introducing new suppliers, the Group first obtains relevant information about them and conducts classification and grading management based on the results of a comprehensive assessment.

The Group purchases commodities in strict compliance with national standards, ensuring they are safe, quality-branded products that meet all environmental protection and low-carbon requirements. For products involving emissions management and other environmental aspects, the Group also requires suppliers to provide applicable permits besides obtaining relevant certifications and production licenses. These requirements ensure product compliance, thereby supporting the development of a green supply chain.

Requirements for product procurement

Continuous assessment of suppliers

During the course of cooperation, the Group has established a continuous assessment mechanism and set up a set of risk rating models to comprehensively assess the quality of cooperation with suppliers, covering multiple dimensions including product quality, contract fulfilment, and cooperation responsiveness, and the assessment is usually conducted on a quarterly basis.

Additionally, the Group will conduct mid-term reviews taking into consideration factors such as suppliers' cooperation performance and social opinion. For suppliers whose quality of cooperation is not up to standard or capacity in meeting our requirements gradually fades away, the Group will adjust the cooperation relationship as appropriate, and if necessary, take measures to remove them, in order to maintain the efficient operation and overall competitiveness of the supply chain.

The Group prioritizes the level of supplier control based on identified sustainability risks and has established control mechanisms for human rights and labor issues, environmental management and due diligence. In the meantime, it actively communicates ESG expectations to suppliers to promote the sustainable development of the supply chain. In 2024, the Group screened **4,128** partner suppliers for risk assessment, focusing on their ESG performance. During the screening process, the Group obtained ESG-related data from the suppliers and made further inquiries about the details of their potential risks to ensure a comprehensive understanding of supply chain risks.

6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

External Product/service Platform Management

For external product/service distribution stationed on the platform for commodity trading and provision of services, the Group has sound management regulations and has formulated *the Huitongda E-commerce Platform Rules and Management Measures*. OEM manufacturers of proprietary branded products must hold quality management system certification. Upon the completion of production by OEM manufacturers, all goods must undergo complete quality inspections. For products with quality issues, there will be available after-sales support services including maintenance and exchange for free.



A certificate for quality management system certification

The Group has always adhered to customer-centric service concepts and established a comprehensive customer service system to protect the rights and interests of customers. The Group provides a clear and transparent after-sales policy covering warranty, return, refund and compensation mechanisms to ensure that customers can still enjoy convenient and efficient service support after purchase. In addition, the Group provides professional answers to customers and enhances user experience through multiple channels such as online platforms, hotline customer service, and offline customer service teams. In the future, the Group will continue to optimize customer service processes for safeguarding consumer rights and interests with higher standards and enhancing brand trust.

Other products and services are provided to customers by third-party merchants on the platform. In order to accurately meet market demands, comprehensively improve customers' service experience, and keep up with the forefront of industry development, the Group unswervingly adheres to the advanced concept of continuous improvement, actively promotes the on-demand upgrading and updating of customer service quality standard documents, and agrees on the execution standards for merchants to provide goods and services to customers.

In May 2024, with the implementation of the new national standards for electric bicycles, the State Administration for Market Regulation put forward new requirements for operating electric bicycles through the Internet. The platform immediately conducted an investigation in accordance with such requirements, covering **100%** of the relevant product merchants on the platform. At the same time, the platform upgraded the relevant service standards.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

Service Provider Training

The Group regularly holds customer service quality management seminars and conducts service provider training. Through these seminars and trainings, not only the service awareness and professional skills of service providers have been enhanced, but also a solid foundation has been laid for improving service quality, helping the Group to maintain its leading position in market competition and provide customers with a better, more efficient and considerate service experience.

The Group adopts a combination of online and offline training. Online training is conducted through professional live broadcast platforms, breaking geographical restrictions and allowing service providers in remote areas to participate. Taking the wine and beverage industry as an example, for some distributors located in remote mountainous areas, important contents such as product storage, precautions during distribution, and customer complaint handling techniques were explained in detail through online live training.

Level	Frequency and contents	Practices
The Group	A large-scale customer service quality management seminar is held every six months. The meeting brought together senior management of the Group, regional sales managers and industry experts to discuss strategies to improve service quality and interpret the latest industry trends and policies and regulations.	The seminar in the first half of 2024 focused on the implementation of new energy efficiency standards for the home appliance industry. Experts provided detailed interpretations of the changes in the standards, and the Company's executives and regional managers worked together to develop service processes and training points to adapt to the new policies.
Various regions	Each region holds a regional seminar every quarter based on its own market characteristics and service providers needs, and organizes service providers to participate in formal training programs every month. The training content covers strengthening service concepts, practical service skills, and explanations of new product knowledge.	In the Yangtze River Delta region, where the economy is developed and consumer electronics are updated rapidly, quarterly seminars focus on discussions around service techniques for emerging electronic products and customer experience optimization.

In 2024, the Group had no recall incidents due to quality or safety and health issues in its delivered products.

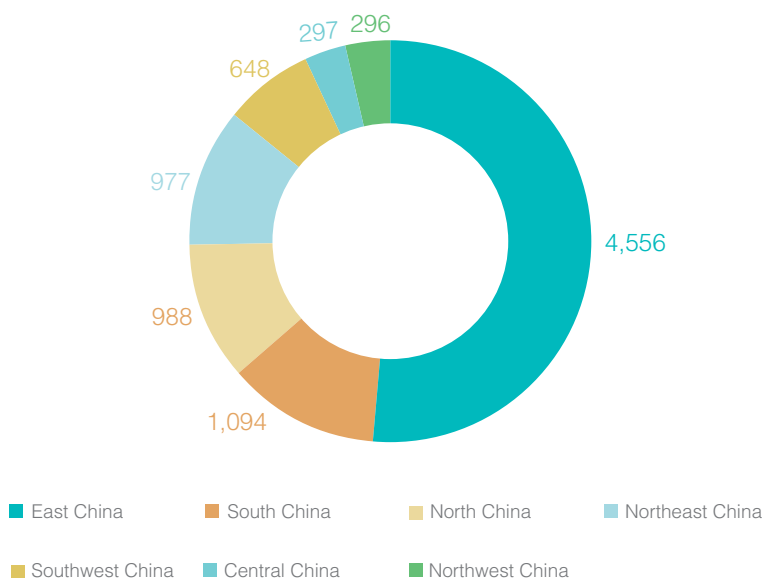


6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

Quantitative Data

As of December 31, 2024, the Group had a total of 8,856 commodity suppliers, with 669 new suppliers added in 2024. All suppliers were reviewed based on the above-mentioned access verification principles, and all suppliers implemented the Group's supplier management regulations.

Suppliers by Region



Supplier Screening

Indicator	Unit	2024
Total number of first-tier suppliers	supplier	8,856
Total number of important suppliers (first-tier and non-first-tier suppliers)	supplier	1,049
Total number of important suppliers among first-tier suppliers	supplier	1,049
Total number of important suppliers among non-first-tier suppliers	supplier	0

Note:

First-tier suppliers directly provide goods, materials, or services (including intellectual property/patents) to the Group;

Non-first-tier suppliers provide products and services to the Group through first-tier suppliers;

Important suppliers are identified as posing significant ESG-related risks and/or having high business importance to the Group.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

Supplier Assessment

100%



of the important suppliers have been evaluated

100%



of suppliers with significant actual/potential negative impacts have agreed upon corrective actions/improvement plans

Indicator	Unit	2024
Total number of suppliers that passed desk assessment/on-site assessment	supplier	8,856
Number of suppliers assessed to have significant actual/potential negative impacts	supplier	259
Number of suppliers terminated with significant actual/potential negative impacts	supplier	84

Corrective Action Planning Support

100%



of suppliers assessed to have significant actual/potential negative impacts received support in implementing their corrective action plans

Indicator	Unit	2024
Total number of suppliers receiving support in implementing corrective action plans	supplier	259



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: BRAND ALLIANCE OPERATION MODEL OF “OFFLINE STORES + DIGITALIZATION” FOR NEW SUPPLY IN NEW CONSUMPTION SCENARIOS

Adhering to the original intention of building a bridge for high-quality consumer electronic products to enter rural markets, the Group provides key support for the transformation of Apple authorized stores in rural markets. The new retail solutions cover all-round policy support including new product launches, stable supply, product price protection, etc., ensuring that consumers can enjoy high-quality products in stores that are no different from those in the city.

By deeply integrating offline stores with online channels, carrying out O2O instant retail business and diversified marketing activities, and providing stores with diversified marketing models, professional operation services and standardized training support, we helped stores achieve breakthrough growth in sales performance and significantly improve user consumption experience.

Against the backdrop of profound changes in the retail industry, the Group has insisted on deepening its strategic layout of online and offline integration, which has promoted the transformation and upgrading of traditional stores on the retail side and formed a win-win situation with brands. This strategy has achieved remarkable market results and set a new benchmark for the retail industry.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: INTEGRATION OF PRODUCTION AND SALES TO DRIVE COSTS REDUCTION AND EFFICIENCY THROUGHOUT THE INDUSTRY CHAIN

In 2024, Zhonghuida Air Conditioner subordinate to the Group was listed in the Top 100 Heating and Cooling Air-conditioners of “2024 China Smart Manufacture Awards of Heating and Cooling Air-conditioners”. In 2023, Huitongda took the lead in adopting the “production and sales integration” strategy in the home appliance industry, and established Zhonghuida Air Conditioner Intelligent Manufacturing Plant with joint investment from Jiangxi Gongqingcheng Qingchuang Group and Rongdian Group. In 2024, it has developed into an industrial enterprise with an annual production capacity of one million sets, and its main brands include Zhonghuida and IDISSA. It has rapidly developed in the domestic sinking market with the b2F reverse supply chain model of “demand-based production and demand-based procurement”, and has successfully entered into overseas markets such as Central Asia and Southeast Asia, achieving both sales volume and reputation.

During this process, the Group will continue to release the dividends of its own industrial Internet platform, drive the transformation and upgrading of manufacturing industries through digitization and efficient supply chain, and inject vitality into the development of new-quality productivity and “digital and real integration” of traditional industries.





6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

6.1.2 Building a “new engine” of industrial upgrading through “digital and real integration”

Goals

The Group is committed to promoting technological innovation and management innovation to enhance its market competitiveness and corporate core value. By optimizing the innovation mechanism, promoting cross-boundary cooperation and fostering a culture of innovation, the Group has developed a sustainable innovation capability, promoted high-quality development and achieved sustainable growth.

Strategies

The 14th Five-Year Plan clearly points out that we should “accelerate the development of digitization and build a digital China”, and promote the deep integration of digital technology with the real economy. It is also stated in the 2025 government work report that we should “develop new-quality productivity according to local conditions, stimulate the innovative vitality of the digital economy”, “accelerate the development of the modernized industrial system, and promote the transformation and upgrading of traditional industries”.

Based on the Internet, artificial intelligence, cloud computing and big data, the Group has conducted digital transformation of retail stores in villages and towns and provided them with one-stop integrated solutions in terms of commodities, tools, communities and activities, helping retail stores in villages and towns to open the “physical store + online store + community store”, so as to enable traditional small and micro entities in villages and towns to realize online development.

The Group’s services cover software services, information technology, targeted marketing, intelligent terminal software and hardware, etc. It owns intelligent digital service products such as “Huixianggou” and “Qiancheng Interconnection”. The Group’s digital intelligence empowers the transformation and upgrading of traditional retail stores and corporate customers by providing full-scenario, all-round and full-process integrated service solutions to the digital intelligence. The Qiancheng product series are as follows:





6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

In the future, the Group will provide better supply chain and digital empowerment solutions for millions of retail stores in rural areas across the country to help rural stores expand their business, provide better products and services for rural consumers, open up the rural distribution market, release the consumption potential, cultivate local new farmers, and nurture new energy of economic development in rural areas. It will also promote business model innovation, explore opportunities in the emerging market, create differentiated business models in combination with industrial trends, promote platform-based ecological development, build an open and win-win creative ecosystem, and create value jointly with partners.



CASE: DIGITAL INTELLIGENCE CAPABILITIES FACILITATE AGRICULTURAL PRODUCT DISTRIBUTION

Leveraging its digital intelligence capabilities, the Group has actively collaborated with various stakeholders. In January 2024, through partnerships with the Commerce Bureaus of Suining County (Jiangsu) and Baotou City (Inner Mongolia), the Group organized online sales campaigns, “Suining Premium Goods Festival” and “YueHui LuCheng”, to promote rural specialty products. With local government support, the Group facilitated regional agricultural products, including braised chicken, sausages, rolled pancakes, cicadas, dried figs of Suining and dairy and meat products of Baotou, to reach urban households.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: STAR MEMBER RETAIL STORE – FORGING AHEAD WITH HUITONGDA DESPITE CHANGES AND CHALLENGES

Boss Cai from Linyi, Shandong had a deep understanding of the challenges confronted during the transformation from a traditional store into an online one.

“Firstly, limited by the geographical location, we have a relatively fixed customer base, and it is hard to attract potential customers from far away; secondly, the relatively limited variety of marketing activities cannot satisfy the needs and interests of different groups.”



“The services provided by Huitongda have offered us a more stable and diversified source of goods, and the cost of goods is also more competitive, which has helped solve many difficulties in our operation.”

With the help from the customer service team of the Group, Boss Cai has simultaneously operated social media platforms such as Douyin and WeChat Moments.



“Combined with major phases and daily offline promotions, we have acquired more customers from the local market and continuously enhanced our fame and influence in the neighbourhood.”

6.1.3 Integrating investment and financing to promote industrial development

Goals

The Group is committed to building a scientific, efficient and robust investment and financing management system, optimizing capital allocation, enhancing capital operation efficiency, ensuring financial stability and providing strong support for the sustainable growth of the enterprise. By expanding financing channels, optimizing the investment structure and strengthening risk management, the Group will stably increase the corporate value in the long term and facilitate business development and the achievement of strategic objectives.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

Strategies

As a leading trading and service platform serving the retail industry in the lower-tier markets, the Group is committed to optimizing its investment strategy to drive the sustainable development of the enterprise. The Group has accelerated the implementation of the supply chain strategy, and launched its own brand clusters, in order to satisfy the long-term demand in rural markets, stimulate domestic demand and boost consumption.

The Group actively seeks opportunities for strategic cooperation, investment, merger & acquisition in order to enhance its market competitiveness and business expansion capabilities, and rapidly implement strategies such as the integration of production and sales and self-owned brand upgrading. With the support of the merger and acquisition policy, the Group is expected to participate more extensively in product R&D and production through acquisition and equity participation, so as to promote the implementation of its core strategies of integration of production and sales and self-owned brands.



CASE: FOLLOWING THE INVESTMENT IN THE ROUND B+ FINANCING OF THE SMART MOBILITY TECHNOLOGY LEADER VOYAGER TECHNOLOGY

In 2024, the Group followed the investment in the Round B+ financing of the smart mobility technology leader Voyager Technology, and the raised funds were mainly used for the technology R&D, overseas market expansion, continuous optimization of product performance, enhancement of market competitiveness, and constant satisfaction with the demands of global users for smart driving/smart cockpit.

6.2 RURAL VITALIZATION: UNBLOCKING THE “MAJOR ARTERY” OF TWO-WAY CIRCULATION

President Xi Jinping’s report to the 20th National Congress of the Communist Party of China emphasized the need to “pursue integrated urban-rural development, and facilitate the flows of production factors between them.” In addition, the General Office of the CPC Central Committee and the State Council issued the *Action Plan to Boost Consumption*, underscoring China’s commitment to expanding domestic demand as a long-term strategy and turning consumption into a primary driver and stabilizing force for economic growth. *The Three-year Action Plan for County Commerce (2023-2025)* further called for improving long-term mechanisms for connecting agricultural production with sales, promoting the two-way flow of industrial goods to rural areas and agricultural products to urban markets, and revitalizing the county-level economy. The Group is actively exploring and implementing innovative approaches on the back of the technological advantages of digital productivity tools such as live-streaming e-commerce.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

2024 Report on the Work of the Government	Initiatives of the Group
Making sustained efforts to deliver in work relating to agriculture, rural areas, and rural residents and taking solid steps to advance rural revitalization	Training rural commercial talents and new farmers to facilitate vitalization through talents
Promoting integrated development between urban and rural areas, advancing coordinated development between regions, and optimizing regional economic layout	Innovating public-private cooperation to foster integrated urban and rural development

6.2.1 Accelerating rural digitalization via public-private collaboration

Goals

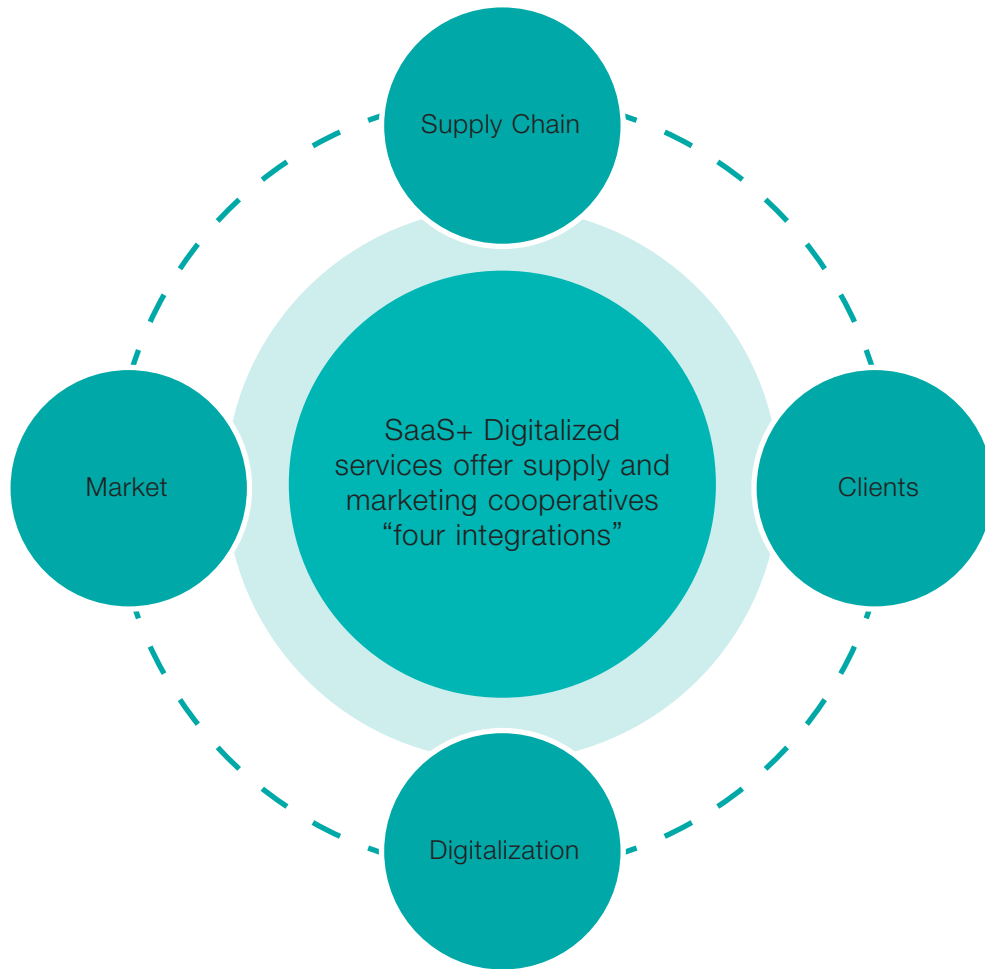
The Group works closely with government agencies and the supply and marketing cooperative system to jointly drive the digitalization of supply and marketing cooperatives, supporting rural vitalization and the development of a modernized circulation network. By digitally empowering the networks of supply and marketing cooperatives, we enhance supply chain efficiency, optimize the distribution channels for agricultural resources, farm produce, and daily necessities, promote integrated urban-rural development, drive the intelligent, standardized, and efficient operation of these supply and marketing cooperatives, and boost rural market vitality.

Strategies

The Group and supply and marketing cooperatives are both key players in the lower-tier market circulation system, with highly complementary businesses. The Group, having forged strategic cooperation with supply and marketing cooperatives in Chongqing, Anhui and Shandong, together with state-owned enterprises and central enterprises such as CNSIG Anhui Hongsifang Fertilizer Co., Ltd., focuses on the four major segments of downward agricultural resources, downward consumer goods, marketing of agricultural products and the recycling economy. The Group empowers rural distribution of supply and marketing cooperatives with “SaaS+ Digitalized Services”, bringing them “four integrations”.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



For many years, the Group has established extensive business collaboration with local supply and marketing cooperatives. Moving forward, we are committed to deepening cooperation with them in sharing lower-tier market networks, supply chain goods, digital technologies, omnichannel capabilities and training programs for new-generation farmers and agribusiness professionals. Amid the grand vision of comprehensive rural vitalization by 2050, the Group remains steadfast in our core value of “Creating Value and Sharing Growth”, and will continue to actively implement national strategies, and work hard to elevate corporate value and social value.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: THE GROUP FORMS STRATEGIC COOPERATION WITH ANHUI CO-OP GROUP AND ANHUI TEA GROUP

The Group worked together with Anhui Co-op Group and Anhui Tea Group on digital upgrades and market expansion across tea cultivation, processing, and sales to facilitate traditional industry transformation, increase tea farmers' income, and boost local rural economic development. By leveraging their respective strengths, the parties will further explore in-depth integration across agricultural product sales, renewable energy, and rural commercial network operation. Through innovative business models tailored to local conditions, we aim to foster high-quality regional economic development and contribute to rural vitalization.





6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: STRATEGIC COOPERATION WITH TIANHE CLOUD COMMERCE SETS A NEW BENCHMARK FOR MUTUAL BENEFIT AND WIN-WIN COOPERATION IN THE INDUSTRY

The Group had reached a strategic cooperation with Jiangsu Tianhe Cloud Commerce Co., Ltd.* (江蘇天合雲商有限公司). The two parties carry out a series of strategic collaboration focusing on digital development, supply chain operation, joint delivery, and outlet empowerment.

The Group has consistently leveraged intelligent retail, artificial intelligence, cloud computing, and internet technologies to facilitate digital transformation and upgrading at traditional enterprises through technologies, and explore the application of digital intelligence technologies across various industries. Both parties hope to take this opportunity to build on the foundation of previous successful cooperation and further advance comprehensive collaboration in digital technology, digital retail, and digital agriculture under the principles of "equality, mutual benefit, comprehensive coordination, and co-creation for win-win outcomes." In particular, the cooperation will cover the digital operation and upgrading of outlets within the provincial supply and marketing cooperative system, as well as the implementation of new strategic projects in applying artificial intelligence in commercial and agricultural IoT, and application bases.





6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

6.2.2 Supporting agriculture, and connecting urban and rural areas for mutual benefits

Goals

The Group is committed to facilitating agricultural product circulation, increasing farmers' income, and driving rural vitalization and sustainable agricultural development. Through digital empowerment, supply chain optimization, brand cultivation, and financial support, we enhance agricultural productivity, strengthen the market competitiveness of farm products, and contribute to building an efficient, green, and sustainable agricultural system.

Strategies

Leveraging our extensive network of rural member retail stores and advanced digital service platform, the Group has pioneered a dedicated sales channel for agricultural products for rural family-run stores, injecting new vitality into economic development of rural household economies and effectively boosting the prosperity of rural economy. In active response to national policies and social responsibilities, the Group has established an “expressway” for marketing agricultural produce in urban areas to consolidate resources from premium agricultural brands, empower the distribution of feature local produce, and bring new momentum for agricultural development and rural revitalization.

The Group facilitates marketing of agricultural produce in urban areas			
Advantages of the Group	Platform-based advantages and resource consolidation capabilities	Supply chain operation	Brand-based and large-scale operation and sales
Initiatives	Launch of online platforms	Establishing a direct channel to distribute feature agricultural produce from their place of origin to urban consumers	Consolidating resources of high-quality local agricultural products, exploring their unique value, and marketing them in urban areas with unified brand planning and marketing efforts to promote agricultural products to enter the city
Effects	Marketing agricultural produce to broader markets, and bringing more development opportunities and benefits to local farmers and enterprises	Drop shipping from origin significantly shortening distribution for agricultural produce, ensuring their freshness and quality	Introducing customized gifting services for major festivals, significantly enhancing brand recognition and market competitiveness of Heshui's agricultural products



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

The Group plays an active part in local community skill development programs and actively responds to the national rural vitalization strategy, helping feature agricultural products from Gansu Heshui County reach broader markets. By integrating supply chain resources and providing e-commerce channel support, we have facilitated the distribution of over 60 categories of agricultural products, with cumulative procurement amounting to RMB 648,000. To further boost agricultural sales, the Group has distributed these high-quality products as complimentary employee benefits, which not only enhances staff wellbeing but also effectively supports the local agricultural economy, increasing farmers' income and promoting rural industrial upgrading.



CASE: INAUGURATING HUITONGDA SHENGZHOU INDUSTRIAL PARK'S NEW FACILITY TO EMPOWER MARKETING OF SHENGZHOU'S PREMIUM PRODUCTS

On December 25th, 2024, the inauguration of Huitongda Shengzhou Industrial Park/Shengzhou E-Commerce Public Service Centre's new facility was held, empowering local products in Shengzhou and promoting the sales of quality Shengzhou goods.

The product selection centre meticulously curates local specialties and premium-quality goods representative of Shengzhou, ranging from torrey nut oil and Shengzhou snacks to braised duck, covering diverse categories including agricultural products, handicrafts, and industrial goods. More than just a product display venue, it serves as a vital platform for upward product distribution.





6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS

6.2.3 Preserving and Carrying forward Heritage to Cultivate Modern Agribusiness

Goals

The Group is committed to cultivating new farmers marked by digital operational capabilities and market awareness, driving the industry towards technological advancement, industrialization, and branding. Leveraging training support, technical support, entrepreneurial support, and financial support, the Group aims to attract more young people, enhance their comprehensive competencies and innovative capacities, and contribute to rural revitalization and agricultural modernization.

Strategies

Through collaborations with local government departments and associations, the Group launches targeted skills training in internet knowledge for “agribusiness talents” and “new farmers” and young people returning to their hometowns who are willing to start their own businesses with entrepreneurial intentions. The Group attaches great importance to the establishment of employees’ career development and social networks, providing them sufficient time, resources, and skills training to encourage employees to expand industry connections and strengthen internal collaboration. The Group actively integrates into local social networks, empowering surrounding small stores through its platform capabilities to promote digital transformation, enhancing their operational efficiency and community influence. The Group assists in establishing Social Groups, guiding them to utilize social platforms for online marketing, enhancing user engagement so as to deliver community residents greater mutual trust, benefit and collaboration.

Free Training for “New Farmers” – Upgrading “New Farming Tools,” “New Farming Activities,” and “New Farming Information”

“In partnership with e-commerce associations and rural revitalization bureaus across Jiangsu Province, the Group has offered free training to over 100,000 new agribusiness talents and new farmers, encouraging more than 26,000 residents to return to their hometowns to start their own businesses. Since 2020, “New Farmer of Suzhou Goods” training, in close collaboration with the Group, has covered over 61,000 participants, helping local farmers and breeders achieve transformation – making cell phones new farming tools, live streaming new farming activities, and data new farming information.

The Group collaborated with the Jiangsu E-Commerce Association and the Jiangsu Modern Supply Chain Association to offer professional certifications to carry out vocational certification for “E-Commerce Specialists” and “Supply Chain Management Specialists,” providing talent support for rural prosperity and injecting a strong momentum for industrial development in rural areas.

Assisting Certification Exams – Talent Support to Drive Industry Growth

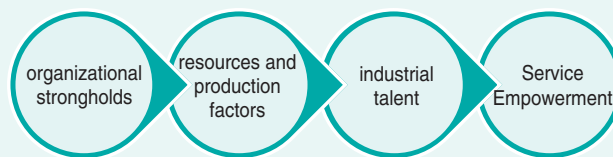


6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: THE GROUP UNVEILS “SUZHOU GOODS LIVE-STREAMING” DIGITAL TALENT TRAINING BASE

On October 30, 2024, the Group unveiled the “Suzhou Goods Live-Streaming” Digital Talent Training Base. By optimizing the industry chain through party branches across the industry chain, the Base implemented the “Red Chain Quality Enhancement” Initiative. This effort aims to establish organizational strongholds along the industry chain, concentrate resources and production factors on the industry chain, cluster industry talents around the industrial chain and optimize services through the industry chain. By uniting Party organizations and Party members from partner enterprises across the industry chain and mobilizing their active roles, the base seeks to synchronize grassroots Party building with industrial development, foster mutual reinforcement and integrated advancement, and inject red momentum into rural revitalization.



“Red Chain Quality Enhancement” Initiative

The base will focus on multi-party collaboration to advance key initiatives, including joint development of rural revitalization industry-academia-research bases, establishment of Suzhou Goods live-streaming e-commerce demonstration bases, operation of Suzhou Goods Urban Exhibition Centers, implementation of the University Students 10,000 Villages (Agricultural Industrial Parks) Initiative, faculty development for Youth Lecturer Corps, training programs for new-generation farmers and agribusiness professionals, organization of various competitions and events, collaborative development of online professional courses, and construction of a digital curriculum repository. These efforts aim to transform the base into a strategic hub for public welfare live-streaming of Su Goods and a cradle for cultivating industrial talent, thereby fostering industrial and talent clusters. This comprehensive approach will enhance the branding and value of Jiangsu’s agricultural products while providing robust support for the revitalization of Jiangsu’s rural industries.



6. TAKING RESPONSIBILITY AND ADVANCING SHARED SUCCESS



CASE: HUITONG DIGITAL TECHNOLOGY AND NANJING AGRICULTURAL UNIVERSITY COLLABORATE ON “SMART AGRICULTURE, RURAL AREAS, AND FARMERS” EDUCATION

By partnering with College of Economics and Management, Nanjing Agricultural University, the Group launched the “Smart Agriculture, Rural areas, and Farmers: Digital Business and Marketing Management Training” campaign, which utilizes shared resources and complementary strengths for jointly advancing digital transformation and talent development in terms of agriculture, rural areas and farms.

The training featured diverse and forward-looking content aligned with contemporary trends profoundly analysing topics such as “Live-Streaming E-Commerce: New Approaches to Digital Economy-Supported Agriculture” and “Digital Industrial Transformation: Empowering Urban-Rural New Economies” to spark students’ keen interest and thought in how the digital economy delivered benefits to farmers.





7. WORKING TOGETHER TO CREATE THE FUTURE

The United Nations SDGs related to this chapter



ESG MATERIALITY ISSUES DISCLOSED IN THIS CHAPTER

Highly material issues	Moderately material issues	Generally material issues
Health and safety Diversity and equal opportunity Employee right and welfare	Development and training Employment compliance	/

The Group is well aware that talent is the key driving force for corporate development. To this end, the Group actively builds an excellent corporate culture and is committed to creating a comprehensive and competitive compensation and benefits system. At the same time, the Group established and improve mechanisms for employee health and safety to ensure that employees work in a safe environment. The Group offers a multi-level training and development platform to help employees enhance their skills and pursue self-growth. These initiatives aim to inspire employees' potential, encourage their contributions to the development of the Group, and facilitate the enhancement of their personal value.



7. WORKING TOGETHER TO CREATE THE FUTURE

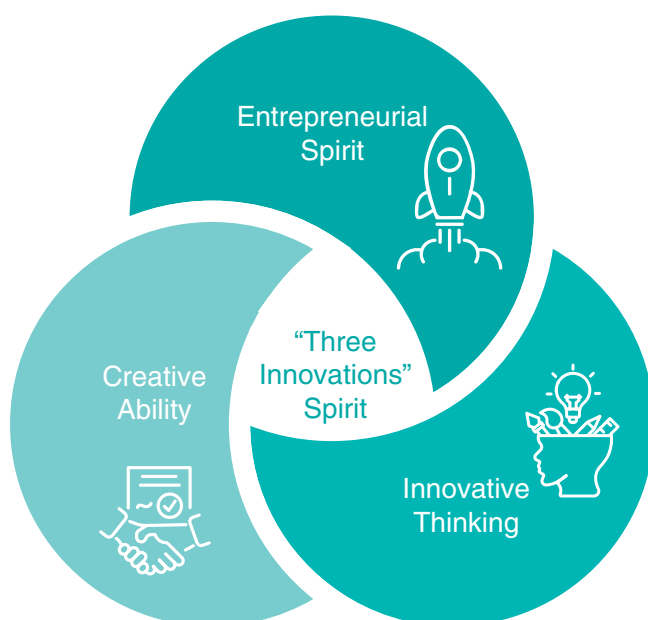
7.1 STRIVING TOGETHER FOR A BETTER LIFE

Goals

The Group is dedicated to fostering a positive and responsible work atmosphere that enhances employee engagement, strengthens team cohesion, and promotes the organic integration of personal growth with corporate development. Through optimizing incentive mechanisms, strengthening career development support, and shaping corporate culture, the Group aims to ignite employees' passion and creativity to drive high-quality corporate development.

Strategies

The Group upholds the cultural philosophy of “Happy • Talent • Dream” and adheres to the core values of “Creating Value and Sharing Growth”. The Group believes that only through continuous effort and entrepreneurial spirit can it carve out more extensive development space in the vast market. Throughout the corporate development process, the Group thoroughly practices the spirit of “Three Innovations”, embraces breakthroughs and ongoing exploration, drives business growth with innovation and empowers industrial transformation with creativity. The Group’s code of conduct emphasizes integrity, teamwork, and commitment (ALL IN). No matter the challenges faced, the Group remains true to its original intentions and tackles difficulties head-on. Additionally, the Group advocates for embracing changes, long-term thinking, and learning-sharing. In the ever-evolving market environment, the Group stays keenly aware of trends and maintains ongoing evolution. The Group possesses a strategic vision and a broad perspective with a focus on not only the present but also the long term, and nurtures industry talents to build a sustainable corporate culture.





7. WORKING TOGETHER TO CREATE THE FUTURE

7.2 COMPLIANCE IN EMPLOYMENT TO PROTECT THE LEGITIMATE RIGHTS AND INTERESTS OF EMPLOYEES

Goals

The Group is committed to establishing a fair, just, and transparent employment system and strictly complies with national and regional labor laws and regulations to protect the legitimate rights and interests of employees. The Group promotes diversity and inclusive development while enhancing its employer brand image. The Group optimizes recruitment processes, improves labor contract management, and strengthens workplace safety measures to ensure compliance and sustainable development in human resource management.

Strategies

The Group actively advocates and implements a diverse human resource strategy, strictly adheres to the principle of fair employment, and cares about employees' rights, diversity and inclusion. The Group provides good working conditions and benefits and establishes a comprehensive compliant employment system. These initiatives not only help attract and retain outstanding talents but also enhance organizational innovation capabilities and market competitiveness.

The Group has established a group-wide human rights due diligence process to identify and assess potential human rights impacts and risks through multiple channels such as employee interviews, supply chain audits, and user feedbacks. For significant risks (such as forced labor and data misuse), the Group requires corrective measures to be completed within 90 days to ensure timely resolution of issues. The human rights due diligence covers topics including labor rights, health and safety, and protection for special groups (such as facilities for disabled employees and maternity benefits). The Group continuously optimizes related policies and regularly discloses their progress, thereby fulfilling its corporate social responsibility in a transparent and responsible manner and ensuring the legal rights of employees and stakeholders.

Compliant Employment System

Legal Compliance	<ul style="list-style-type: none"> Adherence to laws: The Group fully complies with relevant laws and regulations, including <i>the Labor Law of the People's Republic of China</i> and <i>the Labor Contract Law of the People's Republic of China</i>, ensuring the legality and compliance of recruitment and employment practices. Rules and regulations: The Group has laid down a series of management policies, including <i>the Recruitment Management Policy</i>, <i>the Hiring Management Policy</i>, and <i>the Policy on the Management of Employee Probation Period</i>.
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7. WORKING TOGETHER TO CREATE THE FUTURE

<p>Diversified and Fair Employment</p>	<ul style="list-style-type: none"> • Equal employment opportunities: The Group firmly opposes any form of discrimination on the basis of gender, race, age, religion and region, and is committed to providing equal employment opportunities for all employees. • Diversity of employees: The Group recognizes that the diversity of employees is an essential asset for corporate development, which is why it attaches great importance to the diversity in gender, age, educational background, socio-economic status, professional experience, etc. The Group is dedicated to maintaining and promoting the diversity of employees, particularly in terms of gender diversity. • Fair recruitment: The Group enriches talent pool through diverse channels such as campus recruitment, open recruitment and internal recommendation, thereby ensuring that the recruitment process is open, fair and transparent. • Employee rehabilitation and return-to-work support: The Group assesses employees' skill levels and provides targeted training to help them readjust to their work positions.
<p>Inclusive Work Environment</p>	<p>The Group aims to create an inclusive and respectful work environment that advocates for diversity and an inclusive culture, and fully leverages each employee's unique strengths. The measures include:</p> <ul style="list-style-type: none"> • Workplace equality and respect: Any form of verbal or behavioral disrespect, humiliation or derogatory communication towards specific groups is strictly prohibited in the workplace. • Education and training: The Group provides necessary training and education to enhance employees' understanding and recognition of equal employment and increase their diversified awareness of culture, gender, religion and others. • Establishing communication channels: The Group regularly organizes informal gatherings and exchange meetings for employees and sets up direct communication channels to the CEO, thus optimizing the work environment for employee feedbacks and safeguarding suitable working conditions for employees.



7. WORKING TOGETHER TO CREATE THE FUTURE

<p>Prohibition of Child Labour and Forced Labour</p>	<p>The Group strictly prohibits any form of child labour and forced labour.</p> <ul style="list-style-type: none"> • Established System to Ensure Compliance: The Group has established and implemented a labour rights protection system covering all employees of the Company and its subsidiaries, which clearly defines the core principles such as prohibition of forced labour, anti-discrimination, fair compensation, and lawful working hours. • Strict Screening during Recruitment Process: The Human Resources Department carefully verifies the identity information and educational background of the candidates to prevent child labour, fabrication in academic credentials and other non-compliances. • Regular Checks on Employee Profile: Regular random checks on employees' profile are performed to ensure legality and compliance. If any instance of non-compliance, such as child labour is discovered, the Group will immediately terminate the employment concerned and report to the relevant authorities. <p>During 2024, the Group did not report any employment of child labour or forced labour.</p>
<p>Lawful Working Hours</p>	<p><i>The Employee Attendance and Vacation Management System</i> has been enacted and implemented by the Group to regulate the management of employees' attendance, overtime work and vacation, and protect the legitimate rights and interests of employees.</p> <ul style="list-style-type: none"> • Lawful Working Hours: Summer Period (From April to October every year) 7.5 hours a day from Monday to Friday; Winter Period (From November to March of the next year) 7 hours a day from Monday to Friday. A shift pattern is adopted for Saturday where each department schedules its own shifts. • Flexible Working Hours: The Group arranges working hours reasonably with flexibility and autonomy to employees, which, for example, allows employees to opt for compensatory leave or overtime pay for the generated overtime weekly, to select starting and ending times within the flexible hours, and to work from home for family or health reasons, thereby enabling them to better balance work and personal commitments. • Overtime Management: The Group encourages employees to complete work tasks within regular working hours. When overtime is necessary due to operational requirements, the Group may arrange employees to work additional hours with overtime compensation provided in accordance with relevant requirements.



7. WORKING TOGETHER TO CREATE THE FUTURE

<p>Prevention of Sexual Harassment at Workplace</p>	<p>The Group has established <i>the Sexual Harassment Prevention Management Measures</i> to address, investigate, prevent, and eliminate workplace sexual harassment perpetrated through abuse of positional authority or subordinate relationships, while protecting employees from sexual harassment.</p> <ul style="list-style-type: none"> • Defined Responsibilities: The Group clearly established each department's responsibilities in preventing and addressing sexual harassment incidents to ensure timely and effective responses to such incidents. • Established Complaint Processing Procedures: The Group has implemented a clear complaint intake and investigation process to allow employees to report a complaint and ensure a fair and impartial approach to handling the complaints. • Protection of Employee Privacy: During the complaint handling process, the complainant's information will be maintained in strict confidentiality to prevent disclosure and safeguard individual privacy. • Support for Legal Recourse: The Group is committed to providing necessary support and assistance to ensure that victims of sexual harassment have the right to seek remedies through relevant administrative and judicial authorities. • Anti-Discrimination and Harassment Training: All employees are provided with trainings regarding prevention of discrimination and sexual harassment at workplace.
<p>Departure Management</p>	<p>In order to optimise the allocation of human resources, and improve work performance and employee satisfaction, the Group develops the <i>Employee Departure Management System</i>, which specifies detailed termination procedures for employees.</p> <ul style="list-style-type: none"> • Retention of Outstanding Employees: The person in charge of the Employing Department must conduct an exit interview with the departing employee, attempt to retain exceptional talents, complete the <i>Employee Departure Interview Form</i>, and submit it to the department's HRBP for a second interview. • Analysis of Departure Reasons: The Employing Department collects and analyses the departure reasons to provide guidance and basis for departmental management.

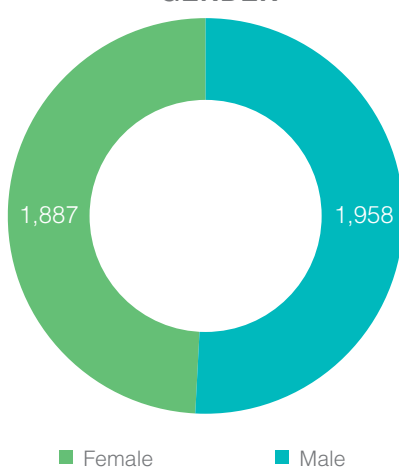


7. WORKING TOGETHER TO CREATE THE FUTURE

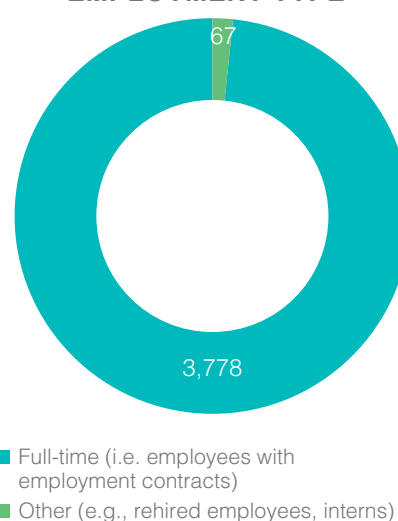
Quantitative Data

In 2024, the Group hired a total of 728 new employees, with internal candidates (internal hires) filling 9.57% of the vacancies, and the average recruitment cost per full-time employee was RMB 902.

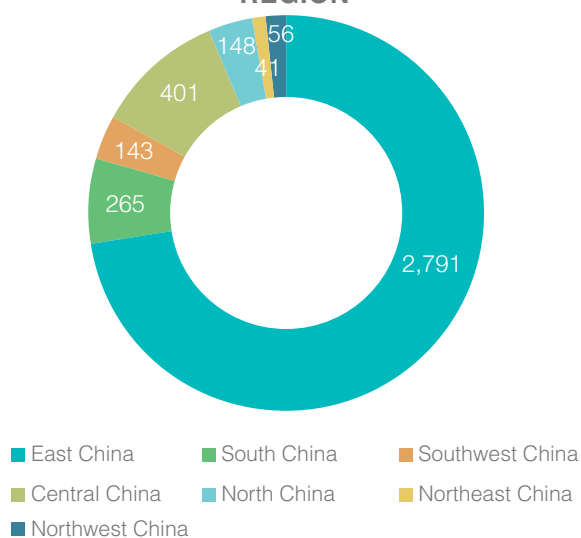
NUMBER OF
EMPLOYEES BY
GENDER



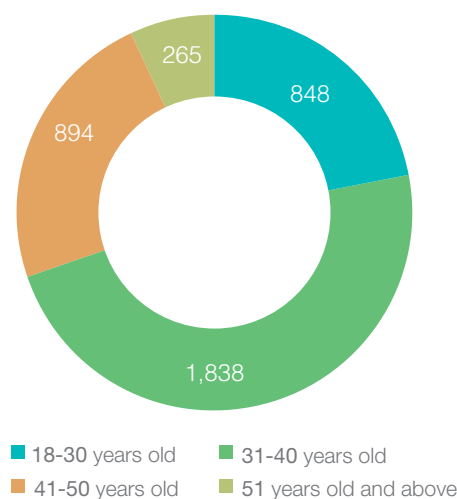
NUMBER OF
EMPLOYEES BY
EMPLOYMENT TYPE



NUMBER OF EMPLOYEES
BY GEOGRAPHICAL
REGION



NUMBER OF EMPLOYEES
BY AGE GROUP





7. WORKING TOGETHER TO CREATE THE FUTURE

Gender Ratio by Employment Role	Unit	2024
Finance, internal control, and legal personnel		
Female	%	82.57
Male	%	17.43
Technical personnel		
Female	%	28.78
Male	%	71.22
Sales personnel		
Female	%	38.07
Male	%	61.93
Administrative personnel		
Female	%	72.41
Male	%	27.59
Business operations personnel		
Female	%	55.48
Male	%	44.52



7. WORKING TOGETHER TO CREATE THE FUTURE

Gender Ratio by Management Tier	Unit	2024
Management positions (including junior, middle and senior management levels)		
Female	%	22.96
Male	%	77.04
Junior management positions		
Female	%	33.00
Male	%	67.00
Senior management positions		
Female	%	10.00
Male	%	90.00
Management positions of revenue-generating functions		
Female	%	38.07
Male	%	61.93
Proportion of minority employees	%	0.10



7. WORKING TOGETHER TO CREATE THE FUTURE

Employee Turnover Indicators ⁴	Unit	2024
Voluntary employee turnover rate	%	20.50
Total employee turnover rate	%	27.75
Female employee turnover rate	%	32.97
Male employee turnover rate	%	22.74
Full-time (i.e. employees with employment contracts) employee turnover rate	%	27.68
Other (e.g., rehired employees, interns) employee turnover rate	%	31.45
18-30 years old employee turnover rate	%	43.52
31-40 years old employee turnover rate	%	26.45
41-50 years old employee turnover rate	%	17.95
51 years old and above employee turnover rate	%	14.99
Employee turnover rate in East China	%	27.39
Employee turnover rate in South China	%	20.65
Employee turnover rate in Southwest China	%	34.87
Employee turnover rate in Central China	%	26.58
Employee turnover rate in North China	%	39.39
Employee turnover rate in Northeast China	%	37.78
Employee turnover rate in Northwest China	%	26.32

4

Turnover rate = number of employees leave employment in the specified category for the year/(number of employees in the specified category at the beginning of the year + number of employees in the specified category at the end of the year) *2. Turnover rate statistics exclude the cases where employees leave during the probationary period or fail to pass the probationary period.



7. WORKING TOGETHER TO CREATE THE FUTURE

7.3 EMPOWERING CAREER GROWTH WITH INNOVATIVE TALENT DEVELOPMENT SYSTEM

Goals

The Group aims to establish a comprehensive training and promotion system for employees, providing continuous learning and career development opportunities to enhance the overall quality and professional capabilities of the workforce. Our integrated approach combines systematic training system, clearly defined career advancement pathways and fair promotion system, which fosters employee growth to achieve a win-win synergy between personal fulfilment and corporate advancement.

Strategies

Employee Learning and Training

The Group advocates continuous learning and is committed to building a systematic talent cultivation system. The Group has formulated the *Training Management System* and the *Internal Trainer Management System* to regulate staff training, whereby we encourage employees to acquire new knowledge and emphasise on the integration of thinking and practices to promote upgrading of personal capabilities through continuous reflection and improvement. Meanwhile, this philosophy not only supports employees' career growth but also lays a solid foundation for the Group's innovation-driven strategy and long-term competitiveness, propelling all towards an exceptional future. The Group has launched "Huixuetang" platform, which offers a variety of innovative learning cases, providing employees with abundant learning opportunities and practical examples.

The Group has established a mechanism for regular talent review and resource planning. A talent inventory for key personnel will be conducted semi-annually to ensure alignment between talent reserves and business development needs. At year-end, a systematic inventory is performed specifically for critical positions, with formal reporting of the results. Additionally, the Group conducts organisational interviews at least annually to gain an in-depth understanding of the talent needs and development plans of each department. By combining with the inventory and interview findings, the Group produces talent pipeline dashboards that clearly visualise succession pipeline status, providing data-driven support for talent development, succession planning, and organisational optimisation to ensure sustainable business growth.



7. WORKING TOGETHER TO CREATE THE FUTURE

To address evolving market demands and industry trends, the Group continues to refine its knowledge management and talent development systems to equip itself with core competencies for the future. In 2024, building upon the leadership competency model “Five Competencies in a Red Heart”, the Group implemented iterative upgrades through organizational interviews, talent inventories, and the Industry Talent Plus Camp. These initiatives ensure our talent pool remains aligned with industry transformations while enhancing professional competencies, thereby providing robust support for the Company’s sustainable growth.

The Group implements a phased employee mentoring program, offering tailored training such as induction training for new employees, professional skills training, and management competency training which aligned with employees’ growth stages. Annual KPIs are established with clear objectives, regular check-ins, and targeted guidance, significantly enhancing both individual performance and organisational cohesion.

The Group has a training records management and mentorship system in place to systematically manage the course system and mentor resources. Meanwhile, the Group has cooperated with vocational schools to nurture highly-skilled talent tailored to corporate needs through, among others, work-study programmes and enterprise-school dual mentorship models.

The Group implements tiered training programs tailored to employees’ levels and roles. During 2024, efforts were focused on enhancing the competency development of business pipeline personnel and continuous development of a secondary cascading training system. Training content covers professional skills development, use of tools, management capability enhancement, and knowledge expansion on industry updates.

Training	Goal	Quantitative Business Benefits
Financial Talent Pipeline Programmes (“Huangpu” Executive Programme & “Yinhang” On-boarding Programme)	To develop finance leadership talent	The programme has successfully produced approximately 20 financial directors since its inception
Hands-on Training for Internal Control Centre	To enhance employees’ risk control awareness to mitigate asset risks	The participants included approximately 27% finance and business personnel



7. WORKING TOGETHER TO CREATE THE FUTURE

Clear Promotion Path - “Growth Cube” System

To fully motivate employees in both work and personal development while enhancing overall work efficiency, the Group implements the *Employee Position Promotion Management System* to strengthen the attention and cultivation of the management at all levels on employees’ competency development and promote career growth of employees. This initiative accelerates the establishment of internal talent pipelines, and provides strong support for the Company’s long-term development.

The Group adopted the “Growth Cube” system, which is a grade promotion system applicable to all employees. When employees meet the required standards across four core evaluation metrics (i.e. “Performance”, “Professional Certification”, “Learning” and “Other Dimensions”), their total “Growth Cube” points will be calculated according to the scoring rules outlined in the *Employee Position Promotion Management System*. Eligible employees may independently initiate promotion applications, making career advancement visible and quantifiable. This system further motivates continuous employee development and drives organisational capability enhancement.



Employees can also check their personal points and promotion progress in the system in a real-time manner. In the “Growth Contest” module, employees can benchmark against outstanding peers to understand their rankings. The “My Focus” module helps employees pay attention to exemplary employees to stimulate their personal potential and carry out targeted learning and assessments. In addition, the “Supervisor’s Perspective” module enables management to keep track of employees’ growth dynamics in real time, further driving talent development and cultivation. The Group conducts employee performance reviews and evaluations at key milestones or periodically, such as during probation confirmation and labour contract renewals. Outstanding employees may be eligible for early confirmation, promotion, or job rotation.

With the rapid expansion of its business and a well-established talent development system, the Group has created a high-quality growth platform for the career development of its employees. In 2024, the Group provided advancement opportunities for outstanding employees, with a total of 154 employees being successfully promoted based on their excellent performance, thereby further promoting mutual growth between the Company and individuals.



7. WORKING TOGETHER TO CREATE THE FUTURE

In 2024, to encourage innovation and reward teams and individuals who contributed to the Group's strategic goals, the Group organized an evaluation and award program. Multiple awards, including team and individual awards, were established based on performance and clear rules. The evaluation process was objective and truthful, aiming to stimulate proactive growth of employees, enhance individual value, and empower development of the Company. These efforts injected momentum into the Group's ongoing innovation and long-term competitiveness. In total, 133 teams and 474 employees were recognized in 2024.

Quantitative Data

Indicator	Unit	2024
Percentage of employees trained by gender: Percentage of male employees trained	%	100.00
Percentage of employees trained by gender: Percentage of female employees trained	%	100.00
Percentage of employees trained by function: Percentage of senior management trained	%	100.00
Percentage of employees trained by function: Percentage of middle management trained	%	100.00
Percentage of employees trained by function: Percentage of grassroots employees trained	%	100.00

RMB 294



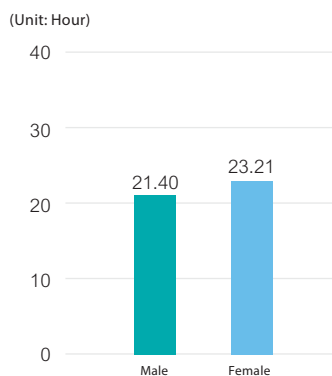
Average expenditure on training and development per full-time employee (FTE)

22.3 hours

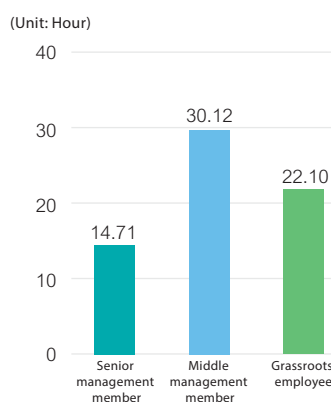


Average training and development hours per full-time employee (FTE)

Average training hours per employee by gender



Average training hours per employee by function





7. WORKING TOGETHER TO CREATE THE FUTURE

7.4 FAIR COMPENSATION AND ENHANCED COMPENSATION AND WELFARE OF EMPLOYEE

Goals

The Group is committed to building a fair, transparent and competitive compensation and welfare system to motivate employees, increase their job satisfaction, and attract and retain high-calibre talents. Through a scientific compensation structure, reasonable performance rewards, comprehensive welfare systems, and long-term incentive mechanism, the Group ensures that compensation and welfare policy are aligned with market trends and the Group's strategic development to achieve win-win outcomes for both the Company and employees.

Strategies

The Group has implemented the *Welfare Management System* to optimize welfare system for employees and improve their satisfaction and sense of belonging. With a caring corporate culture, the Group not only enhance employees' perception of welfare offerings but also attract and retain outstanding talents, which lays a solid foundation in respect of talents for long-term development of the Company. The Group also launched the *Huibao Action 6.0* program to recognize outstanding contributions of employees and inspire teams' vitality and innovation. This program motivates employees to unleash their talents, actively engage in their work, and fosters a positive and rewarding corporate culture, which provides strong support for long-term growth and efficient operations.

Constant Promotion of Equity Incentive

To further enhance the Company's core competitiveness and retain and motivate key talents, the Group has formulated and implemented an equity incentive plan. The goal is to align employees' personal interests with the Group's long-term development through a profit-sharing mechanism, thereby stimulating their enthusiasm, sense of belonging and sense of duty.

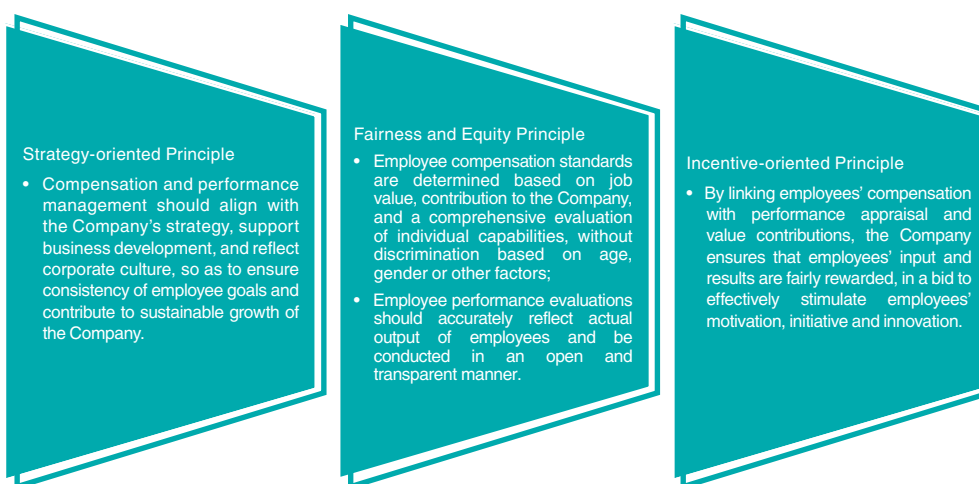
On May 31, 2024, the Group granted approximately 413,000 RSUs to 59 employees under the RSU Scheme. All grantees were all core backbone members of the Group. This round of equity incentives has further strengthened the alignment of interests between employees, the Group, and its shareholders, effectively boosting the enthusiasm and innovative potential of key talents. By closely linking individual career development with the corporate long-term strategic goals, the initiative has not only significantly improved overall team collaboration efficiency but also reinforced the organization's cohesion and stability.



7. WORKING TOGETHER TO CREATE THE FUTURE

Fair Compensation Incentives

The Group is committed to establishing a fair and equitable compensation distribution system along with a rational adjustment mechanism. The *Compensation and Performance Management System* is based on three principles of performance-based compensation management as follows.



The Group formulates work plans and performance indicators for the current period based on the duties of employees. Employees' performance scores are determined based on their achievements and results in each quarter and are reflected in their quarterly performance-based payroll. Performance rankings are used to guide year-end bonus distribution and decisions regarding promotions or compensation adjustments in the following year. This system fully leverages the incentive function of compensation to attract and retain outstanding employees. By establishing a reasonable value assessment method and conducting performance management over defined periods or cycle periods, the Group accurately reflects employee contributions and effectively motivates all staff to take initiative and perform proactively.

In addition, the Group has established the *Employee Rewards and Disciplinary Management System 3.0* to encourage employees to comply with national laws and regulations, social ethics, professional ethics, and internal management rules. Through a transparent, fair and impartial reward and disciplinary mechanism, the Group clearly communicates its stance on recognizing excellence and addressing underperformance, so as to foster a healthy internal competitive and work environment that supports the achievement of its strategic goals.

To invigorate the organization and promote mutual growth between the Company and its talents, the Group has introduced an innovative partner program model. This includes opening channels for equity subscription and profit-sharing plans to attract high-potential talent and build a development platform centered on co-creation, co-responsibility and shared success. For core teams, the Group has developed a dual-track promotion system combining "management + professional" pathways and implemented a position-linked compensation mechanism, providing diverse development opportunities and strengthening both employee engagement and the organization's long-term competitiveness.



7. WORKING TOGETHER TO CREATE THE FUTURE

Enhanced Employee Welfare

The Group places great importance on employee welfare. In addition to statutory five social insurances and one housing provident fund, a variety of additional welfare benefits are provided to improve employees' job satisfaction and quality of life. The Group is committed to creating a caring and supportive work environment that fosters a strong sense of belonging and wellbeing. The key components of the Group's employee welfare system include:

Five social insurances and one housing provident fund

Social insurance (pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, critical illness aid) and housing provident fund

Commercial insurance

Commercial medical insurance and family purchase channel

Paid holidays

Statutory holidays, annual leave, family visit leave, marriage leave, maternity leave, breastfeeding leave, nursing leave, bereavement leave, parents' meeting leave, birthday leave, paid sick leave, parental leave and one-child care leave

Subsidies

Transportation subsidy, communication subsidy, meal subsidy, rent subsidy, and subsidy for stationing abroad

Traditional festival welfare

Spring Festival, Dragon Boat Festival, Mid-Autumn Festival welfare

Other benefits

Birthday celebrations, employee activities, and training benefits

Physical examination benefit

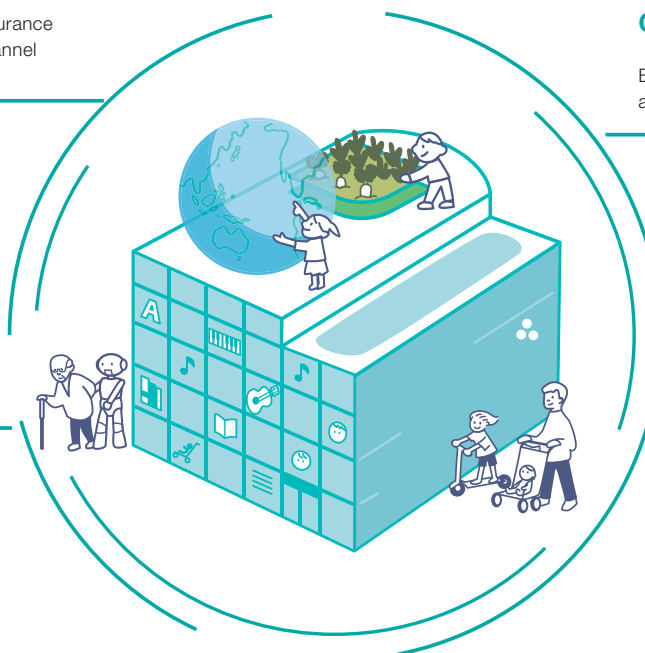
Entry examination, on-the-job physical examination

Condolence

Injury and illness condolence, funeral condolence, employee relief fund, management team condolence

Welfare for marriage and giving birth

Welfare for marriage and giving birth





7. WORKING TOGETHER TO CREATE THE FUTURE

To further support employees' family needs, the Group is committed to offering a diverse range of paid leave options to help staff effectively balance work and family life, reflecting its care for employee wellbeing. These initiatives not only enhance employees' satisfaction and loyalty but also strengthen the Group's competitiveness.

Parental Support

The Group has established dedicated nursing rooms for mothers. Employees who are breastfeeding are entitled to one hour less of working time per day until their child reaches one year of age. Pregnant employees are granted 12 days of prenatal examination leave. Employees whose spouses give birth in accordance with family planning regulations are entitled to paternity leave

Paid Maternity Leave

Expectant mothers are entitled to 158 days of paid maternity leave. In the case of a difficult labor, an additional 15 days are granted. For each additional newborn, 15 more days are added

Paid Parents' Meeting Leave

Employees are entitled to 0.5 days of paid leave per year to attend parents' meeting

Paid Parental Leave

Each parent is entitled to 10 days of paid parental leave per year until their child turns three years old



Paid Marriage Leave

Employees who have reached the legal age of marriage and have legally registered their marriage are entitled to 15 days of paid marriage leave

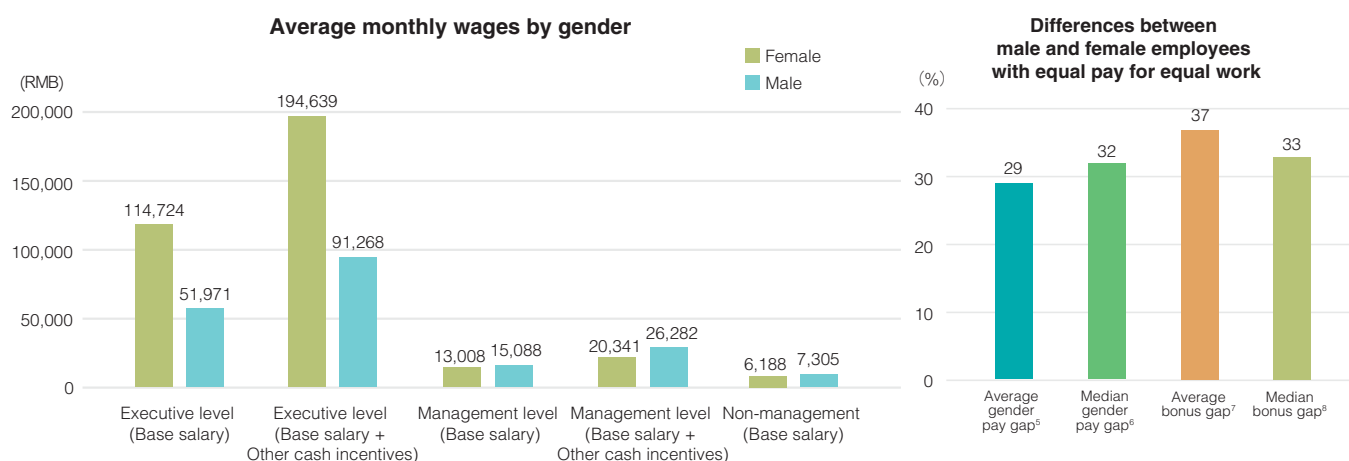
Paid Bereavement Leave

Employees are granted 3 days of paid bereavement leave upon the death of a spouse, parent, child, or parent-in-law. For the death of a sibling, grandparent, or maternal grandparent, employees are entitled to 2 days of leave



7. WORKING TOGETHER TO CREATE THE FUTURE

In 2024, quantitative data for gender pay and equal pay for equal work are as follows:



In 2024,

the relevant quantitative indicators of human capital return on investment are as follows:

Employee-related expenditure (compensation + Benefits)

RMB **562,294,941.36**

Human capital return on investment⁹

10,513%

⁵ The difference in average gross hourly earnings between male and female employees

⁶ The difference between the median hourly earnings of male full-wage related employees and female full-wage related employees

⁷ The difference between the average bonus paid to male related employees and the average bonus paid to female related employees

⁸ The difference between the median bonus paid to male related employees and the median bonus paid to female related employees

⁹ Human capital return on investment: Total revenue – (total operating expenses – employee-related expenses)/employee-related expenses



7. WORKING TOGETHER TO CREATE THE FUTURE



CASE: FESTIVAL EVENT BENEFITS IN 2024

On March 8 “Chunhua Day”, the Group prepared exquisite gifts and greeting cards for each female employee.



On Children's Day, the Group organized both online and offline activities. The painting creation activity of “childlike dreams, painting together on Children's Day” with the theme of “family” was carried out online, and the June 1st Garden Fair was held offline together with a variety of parent-child games.

Spring Festival and Mid-Autumn Festival welfare activities: Spring Festival and Mid-Autumn Festival gift packages were distributed to all employees, with a coverage ratio of 100%.



The Dragon Boat Festival welfare activities: a zongzi making activity was held, and condolences for the Dragon Boat Festival were distributed to employees.



7. WORKING TOGETHER TO CREATE THE FUTURE

7.5 SAFEGUARDING HEALTH AND STRENGTHENING A SAFE WORKING ENVIRONMENT

Goals

The Group is committed to establishing a sound employee safety and health management system to ensure safe production, prevent occupational diseases and industrial accidents, provide a healthy working environment, and improve the physical and mental health of employees. In the future, the Group will regularly set occupational health and safety performance indicators and establish a monitoring and evaluation mechanism. Through measures such as safety training, health management, risk prevention and control, and emergency response, the Group aims to reduce potential safety hazards, enhance employees' safety awareness and health and wellbeing, and achieve sustainable corporate development.

Strategies

Healthy and Safe Working Environment

Strictly abiding by *the Work Safety Law of the People's Republic of China*, *the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations, the Group is committed to creating a safe and healthy working environment for its employees and ensuring their wellbeing through various measures. The Group has established an occupational health and safety system applicable to all employees of the Group and conducts occupational health and safety risk and hazard assessments to identify factors that may cause harm in the workplace. Meanwhile, the Group has developed an occupational health and safety action plan, which aligns the priorities of the action plan with quantified targets to address health and safety-related risks and assess progress in reducing and preventing health problems and target risks. In addition, the Group has established procedures for investigating work-related injuries, ill health, illnesses and accidents, and has introduced occupational health and safety standards in procurement and contract requirements in an effort to provide a worry-free working environment for employees to ensure their safety and health.

At the same time, the Group conducts health and safety risk assessment in a timely manner in response to employee feedback, quickly identifies potential hazards, and takes effective measures to eliminate risks to ensure a safe and reliable working environment for employees.



7. WORKING TOGETHER TO CREATE THE FUTURE

Infrastructure construction

The Group provides dining rooms, gyms, baby care rooms and other basic hardware (air conditioning, elevator, lighting) to ensure that the workplace is clean and tidy, and to provide good working conditions for employees.

After work every night, the safety officer will inspect each office to report the illegal use of high-power electrical appliances and the failure to turn off power, and remove potential safety hazards in a timely manner.

The Group equips each employee with a computer and provides the necessary software for daily work. Almost every office has a separate network coverage, which provides the necessary resources for them to participate in the network construction.

The Group organizes fire drills to familiarize employees with the use of fire-fighting facilities and enhance their ability to respond to fires and their awareness of self-rescue and mutual rescue.

Fire safety training and drills

Canteen hygiene management

The Group regularly carries out hygiene and disinfection work in the canteen to ensure food safety. At the same time, the kitchen area of the canteen is open for staff inspection to prevent food hygiene and safety hazards.

The Group's business does not involve hazardous operations, with 0 work-related fatalities (including that for contractors/outsourcers) in the past three years. In 2024, there were 5 work-related injuries, and 148.5 lost days due to work-related injuries. The lost time injury frequency rate¹⁰ (LTIFR) is as follows:

0.37

per million working hours

Lost time injury frequency rate of employees in 2024



0

per million working hours

Lost time injury frequency rate of contractors in 2024



¹⁰

The lost time injury frequency rate is the number of lost time injuries per million working hours. Lost time injury frequency rate = (number of lost time injuries) / (total number of working hours in the year) x 1,000,000



7. WORKING TOGETHER TO CREATE THE FUTURE

Employee Health Protection

The Group attaches great importance to the physical and mental health of its employees, and encourages them to take physical exercise through the health management system, regular physical examination program and the provision of a gym. At the same time, if an employee in difficulty suffers from a serious illness, the Group will also work with the community and partners to make a donation. The Group comprehensively improves the health level of its employees, enhances their sense of wellbeing at work, promotes the common growth of the enterprise and its employees, and insists on providing employees with annual physical examinations and group commercial insurance to further protect their health.

100%

Employee commercial
insurance coverage



100%

Employee annual physical
examination coverage



The Group adopts an online infirmary and relies on an Internet medical platform to provide digital health management services to employees. Through the integration of remote consultation, electronic prescription, medication guidance, health consultation and other functions, employees can obtain online services from doctors from tertiary hospitals through the exclusive entrance of the enterprise at any time, covering scenarios such as diagnosis and treatment of common diseases, chronic disease management, and mental health consultation. The platform is equipped with an AI pre-diagnosis system, electronic health records and medication reminder functions, and ensures the privacy and security of diagnosis and treatment data. The service breaks through the limitations of time and space, realizes 7×24-hour rapid response, effectively supplements traditional offline medical resources, upgrades employee wellbeing, and enhances the sense of belonging of the organization.

7. WORKING TOGETHER TO CREATE THE FUTURE

汇通达 HUITONGDA **汇通达工会 HUITONGDA UNION**

在线医务室



全科团队 **专业医生** **来自三甲医院**

- ☒ 常见病咨询
- ☒ 慢性病管理
- ☒ 就医指导
- ☒ 传染病预防
- ☒ 用药指导
- ☒ 体检报告解读



视频医室地址:
汇通达总部B座1楼党群服务中心

开放时间:
周一至周五 12:00-13:30, 下班后-20:00

使用方式:
点击屏幕“呼叫视频医生”开始视频问诊

用过结果数据仅供参考, 具体数据请以实际为准, 请勿过度解读!



CASE: CARNATION SERVICE STATION INFANT CARE HEALTH SEMINAR

On February 26, 2024, in order to escort the healthy growth of employees' children, the Group held a health lecture on infant care. In this event, the expert team of Nanjing Maternal and Child Health Hospital was specially invited to popularize the knowledge of infant care and exchange health issues with the staff, including lectures on infant care and expert health consultation.





7. WORKING TOGETHER TO CREATE THE FUTURE

CASE: COMMERCIAL INSURANCE AND HEALTH CONSULTATION FOR EMPLOYEES' FAMILY MEMBERS

In order to enhance employees' sense of belonging and corporate attractiveness, the Group has not only purchased commercial insurance for employees, but also secured employee dependents insurance plans and supplementary critical illness insurance plans for employees' dependents. There were free on-site consultations by TCM experts at the event site, providing corporate support for the health of employees from various aspects.



CASE: "EVERYONE PAY ATTENTION TO SAFETY, EVERYONE CAN RESPOND TO EMERGENCIES TO ENSURE LIFE SAFETY" FIRE-FIGHTING KNOWLEDGE LEARNING ACTIVITIES

In order to improve employees' awareness of fire safety, enhance their ability to respond to emergencies such as fires, master escape and self-rescue skills, strengthen the coordination and cooperation capabilities of various departments in the event of a fire, and reduce potential casualties and property damage, the Group organized activities to publicize and implement fire protection theory and knowledge.





7. WORKING TOGETHER TO CREATE THE FUTURE

7.6 IMPROVING COMMUNICATION TO INCREASE EMPLOYEE SATISFACTION

Goals

The Group is committed to establishing a sound employee communication management system to ensure the smooth flow of information, enhance employees' sense of participation, promote the construction of corporate culture, and enhance team cohesion. Through regular communication mechanisms and feedback channel optimization, we promote two-way interaction between the enterprises and employees, ensuring that employees' demands are fully listened to and responded to, and improving employee satisfaction and sense of belonging, thereby achieve long-term stable development of the enterprise.

Strategies

The Group has always focused on the employee experience and is committed to precise and personalized care. To this end, we regularly conduct employee satisfaction surveys on administrative affairs every quarter, and collect opinions online through the "Huixuetang" platform to ensure the understanding of every employee's opinion. The results of surveys will be made public by email to maintain transparency and impartiality. Based on the feedback, the Group will continue to optimize relevant policies and practices to meet the needs and expectations of employees, and further enhance their satisfaction and wellbeing.

**The employee satisfaction/
engagement score of 2024**

91.6%

Employee coverage

100%

The Group has established a trade union to enhance employee communication, with independent union representation or collective bargaining

In 2024,

**100% of the Group's
employees have
joined the trade
union**

This ensures employees' voice and protection in terms of salary, benefits, working conditions, etc.



7. WORKING TOGETHER TO CREATE THE FUTURE

The Group is well aware that employees are the cornerstone of the long-term development of an enterprise, and always attaches importance to the efforts and contributions of its employees. In order to respond to the needs of employees in work and life in a timely manner and ensure the smooth exchange of information, the Group has established an efficient feedback mechanism, widely collected employees' opinions and suggestions through diversified online communication channels, and continuously made optimization and improvement to create a more open, inclusive and efficient working environment.

Channel	Face the President	Administrative Help
Type of feedback problem	Employees can speak freely through "Face the President" if they have problems in their work and life that need to be reported, emotions that need to be expressed, and suggestions that need to be promoted	Relevant needs and requests for administrative services



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

- Relevant United Nations SDGs in this section



ESG MATERIAL ISSUES DISCLOSED IN THIS SECTION

Highly material issues	Moderately material issues	Generally material issues
Energy use	Water management	Greenhouse gas emissions Waste management Climate change

As a socially responsible enterprise, the Group is committed to reducing carbon emissions, enhancing energy efficiency, and preventing environmental pollution in response to climate crisis and resource scarcity, thereby supporting the national “Dual Carbon” goals. Although the Group’s business operations have limited impact on the environment and natural resources, we continually review our value chain and optimize operational models to advance green and low-carbon development. Through systematic management of electricity consumption, greenhouse gas emissions, water usage, and waste, the Group strives to minimize unnecessary resource consumption and environmental pollution, reduce operational carbon footprint, and continuously improve environmental performance. We are dedicated to contributing to a sustainable society where humanity and nature coexist in harmony.









8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Review of Environmental Goals Progress: The Group has Reviewed the progress of its established goals. In 2024, the Group achieved reductions in per capita electricity consumption, greenhouse gas emissions, and water usage compared to 2023, while per capita non-hazardous waste generation increased compared to 2023.

Quantitative Environmental Goals: Based on the 2024 performance of achieving relevant targets, the Group has set clear quantitative environmental goals for 2025 to further reduce energy consumption and minimize its carbon footprint. The relevant quantitative environmental goals for 2025 are as follows:

Goal category: Quantitative Goals for 2025

-  **Fuel (petrol) consumption of motor vehicles:** Decrease 8% year-on-year
-  **Air conditioning coolant:** Decrease 10% year-on-year
-  **Electricity consumption:** Decrease 5% year-on-year
-  **Water consumption:** Decrease 10% year-on-year
-  **Waste production:** Decrease 2% year-on-year
-  **A4 paper consumption:** Decrease 3% year-on-year



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

8.1 ENERGY SAVING, GREEN AND LOW-CARBON DEVELOPMENT

8.1.1 Environmental Management

Goals

The Group is committed to minimizing its operational environmental impact by integrating sustainability initiatives into its core business strategy. We actively promote green office practices, encouraging resource and energy conservation, reducing pollutant emissions, and utilizing and recycling renewable products, aiming to create a green and comfortable working environment for our employees.

Strategies

The Board places high priority on environmental management and commits to integrating environmental protection as a core component of the Group's strategy. It rigorously implements and oversees environmental management policies while continuously enhancing the environmental management system. The Group also clearly defines the responsibilities of all positions in executing environmental policies to ensure effective implementation. Through cross-functional collaboration, we continuously optimize our environmental management framework to drive sustained improvement in environmental performance. The Group strictly complies with relevant environmental protection laws and regulations, such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Appraising of Environment Impacts*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and has formulated the *Environmental Hygiene Management System* and the *Huitongda Park Operation and Management Regulation* to specify the environmental and hygiene management standards, thus continuously refining measures to uphold a green operational model. We ensure strict compliance with environmental requirements across production, commercial facilities, products, and services, with clearly defined responsibilities for each business unit under our governance framework.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Green Supply Chain	<ul style="list-style-type: none"> • The Group actively promotes green logistics, supply chain management, and waste classification and recycling to minimize environmental impact. • The Group is committed to advancing sustainable procurement and will incorporate relevant clauses in future procurement policies. Suppliers are encouraged to adopt eco-friendly packaging and materials, with all partners required to comply with the Group's environmental and social responsibility standards to jointly uphold sustainable development commitments. • The Group incorporates ESG risk assessments into merger and acquisition due diligence, ensuring alignment with long-term development strategies. By continuously refining management systems and operational standards, we aim to enhance ESG performance across all metrics, driving long-term sustainable growth.
Sustainable Business Model	<ul style="list-style-type: none"> • Aligned with China's 2030 carbon peak and 2060 carbon neutrality targets, the Group has prioritized sustainable development by actively supporting new energy initiatives, including electric vehicles, battery technologies, charging infrastructure, battery recycling, and related industries. We advocate low-carbon transportation to reduce emissions from traditional fuel vehicles, thereby mitigating air pollution and greenhouse gas emissions. • The Board, executive management, and relevant departments closely monitor national regulations and climate projections. We integrate these insights into our operations by updating policies and conducting organization-wide training to adopt optimal "energy-saving, emission-reduction, and decarbonization" solutions across business activities and daily operations. • The Group implements a green and low-carbon operational model, consistently refining environmental management measures to minimize negative impacts, and become an environmentally friendly enterprise.
Eco-friendly Working Environment	<ul style="list-style-type: none"> • The Group prioritizes employee wellbeing by enhancing the working environment through the rental of potted plants and ornamental trees. This initiative improves air quality, creates a pleasant workspace, and enhances the working comfort of employees. Each office is equipped with an average of 2-3 green plants, which not only beautify the office space but also help reduce our carbon footprint. • Moving forward, the Group will continue to explore additional environmental protection measures and develop relevant target documents to foster a healthier and more eco-friendly working environment.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Internal and External Stakeholder Training and Guidance	<ul style="list-style-type: none">• The Group implements comprehensive measures to enhance environmental awareness among internal and external stakeholders and conducts regular environmental management training and awareness campaigns to ensure that employees can fully understand our environmental policies and sustainability objectives. Additionally, the Group actively collaborates with suppliers, customers, and other stakeholders on environmental initiatives, publishing periodic environmental reports and disclosures to maintain transparency and strengthen external engagement with our sustainability efforts.• The Group routinely updates environmental management guidelines and organizes mandatory training for all employees to ensure a clear understanding of the environmental impact of their work activities.• The Group encourages staff to adopt green and low-carbon measures in daily operations, consistently selecting optimal energy-saving, emission-reduction, and de-carbonization solutions that align with national goals, corporate values, and employee wellbeing. Sustainability principles are deeply embedded across all business operations and management practices.
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In the future, the Group will progressively establish a comprehensive data collection, monitoring and reporting framework aligned with operational needs to ensure the accuracy and transparency of environmental performance metrics. Besides, the Group will explore third-party certification or audit mechanisms to enhance data credibility and drive continuous improvement in environmental management.

In 2024, the Group did not have any breaches of any applicable environmental regulations laws and concerning air emissions, greenhouse gases, discharges, water usage, and hazardous/non-hazardous waste management that have a significant impact on it.



CASE

The Group treats environmental protection education as a routine and fundamental initiative. By actively conducting specialized environmental training and regular emergency drills, while intensifying awareness of the new *Environmental Protection Law* and related regulations through systematic training programs and public welfare activities, the Group aims to strengthen all employees' legal awareness and environmental consciousness. Through various meetings, the management communicated to department leaders the critical materiality of environmental protection for the nation, the enterprise, and individual employees. Meanwhile, the Administrative Department leveraged meetings and training sessions to enhance the environmental awareness across all employees.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

8.1.2 Greenhouse Gas and Emissions Management

Goals

The Group's main sources of greenhouse gas emissions are gasoline consumed for transportation and indirect greenhouse gas emissions from energy due to purchased electricity (Scope 2). Despite that the Group's business operations do not have significant pollution or impact on the environment and natural resources, it continues to review overall business chain and strives to reduce the overall greenhouse gas emissions and achieve year-on-year decrease.

Strategies

The Group has implemented multiple measures to reduce the carbon footprint generated from transportation, including minimizing the use of official vehicles to control fuel consumption, encouraging employees to prioritize public transportation for urban travel, and strictly reviewing official vehicle usage – employees are prohibited from using official vehicles and discouraged from driving privately for destinations accessible by high-speed rail. Furthermore, the Group promotes the use of public transportation or carpooling for employee commutes and has installed new energy vehicle charging stations within its premises to encourage staff to purchase and use new energy vehicles. By promoting the replacement of traditional fuel-powered vehicles with new energy vehicles, the Group aims to reduce exhaust emissions from conventional vehicles and jointly contribute to building a green, low-carbon society.



Charging Piles at the Group's Headquarter



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

In the office areas, in 2024, the Group replaced the air-conditioning units in the two buildings within the headquarter with the latest version of highly efficient and energy-saving models, achieving remarkable results in energy conservation and emission reduction. This initiative reflects the Group's commitment and actions toward environmental protection, with a significant decrease in greenhouse gas emissions (scope 1) compared to 2023. Furthermore, the Group is also negotiating the installation of a solar photovoltaic system on the rooftop of the headquarter office building in the future, aiming to replace traditional energy consumption and reduce greenhouse gas emissions. The following table presents the quantitative data on the Group's scope 1 and scope 2 greenhouse gas emissions.

In 2024, due to our green equipment upgrades, including the use of more energy-efficient and environmentally friendly air conditioners, greenhouse gas emissions (scope 1) have significantly decreased compared to last year.

Indicator	Unit	2024	2023	2022	2021
Greenhouse gas emissions (scope 1) ¹¹	tCO ₂ e	93.6	395.7	37.8	46.1
Greenhouse gas emissions (scope 2) ¹²	tCO ₂ e	582.1	723.0	563.6	689.4
Total greenhouse gas emissions (scope 1 and 2)	tCO ₂ e	675.7	1,125.7	601.4	735.5
Intensity of greenhouse gas emissions ¹³	tCO ₂ e/person	0.9	1.1	0.5	0.7

To monitor air pollutant emissions in real time, the Group has set up air monitoring stations in the headquarters, regularly collecting statistics on pollutant emissions and submitting dynamic declaration forms of emitted pollutants to the Environmental Protection Department, in order to strengthen the management of air emissions and the statistics and monitoring of environmental protection indicators. Meanwhile, all official vehicles of the Group undergo regular annual inspections in accordance with relevant laws and regulations, and drivers are required to regularly monitor exhaust emissions and promptly address any exhaust emission issues to avoid unnecessary exhaust emissions.

¹¹ Direct greenhouse gas emissions were calculated based on the *China Energy Statistical Yearbook 2013*, the *Provincial Greenhouse Gas Inventory Guidelines (Trial)*, and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* and the *China Greenhouse Gas Inventory Study (2007)*.

¹² Indirect greenhouse gas emissions were calculated based on purchased electricity and emission factors, and the emission factors for 2024 referred to the *Notice on the Management of Greenhouse Gas Emissions Reporting for Power Generation Enterprises from 2023 to 2025* by the Ministry of Ecology and Environment of the People's Republic of China.

¹³ The denominator of the intensity indicator in the environmental data was the number of people at the headquarters in Nanjing, China.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Indicator	Unit	2024	2023
Nitrogen oxides (NOx)	Kg	93.2	154.9
Sulphur oxides (SOx)	Kg	0.2	0.3
Particulate matter (PM)	Kg	8.9	14.8

As for wastewater discharge, as the Group does not engage in manufacturing, chemical, chemical or biological businesses, it does not generate industrial wastewater in daily operations, but only regular domestic wastewater. The Group has strictly enforced the national standard in segregating rainwater and sewage, and internal and external professional maintenance personnel are responsible for regular inspections on pipelines to ensure timely detection and resolution of leakage or blockage issues. In addition, the Group actively promotes wastewater recycling and utilization by integrating the park's greening irrigation system with the fountain landscape system, and uses the regular water changes in the fountain for greening irrigation, which not only maximizes the utilization of wastewater resources but also effectively reduces the water consumption for irrigation. For more information on water resource management, please refer to the section headed "8.2 Resources Conservation for Enhanced Utilization Efficiency".

The Group regularly reviews relevant measures and plans for addressing climate change, systematically identifies areas for improvement, and records optimization progress. Through continuous monitoring and evaluation, we ensure the effectiveness of emission reduction strategies and actively adjust and optimize our plans to enhance energy utilization efficiency and reduce carbon emissions.

8.1.3 Energy Utilization Management

Goals

The energy currently used by the Group is mainly from electricity used for daily office work and gasoline for official vehicles. In order to improve the efficiency of energy utilization and energy management capability, the Group has formulated the *Huitongda Park Operation and Management Regulation*, which clarifies the main responsibility of each unit, and unifies the management of electricity consumption in each office area in the park.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Strategies

In order to build a low-carbon green park with intelligence, informationization and standardization, the Group actively promotes various energy conservation and emission reduction measures. For example, “Facilities Management Requirements” in the *Huitongda Park Operation and Management Regulation* stipulates that:

- ✓ **at least 3 elevators must be shut down at night and on weekends;**
- ✓ **the lighting in some office areas is calculated as 3 minus 1 for each group;**
- ✓ **the utilization time of air conditioning is strictly controlled during summer and winter, i.e. from June 1 to September 30 and from December 1 to February 28 of the following year, and the temperature setting should not be lower than 26 °C in summer and higher than 20°C in winter;**
- ✓ **adopting low-radiation glass to block ultraviolet rays that generate heat, and installing seals for the doors and windows to avoid leakage of air that has already been conditioned;**
- ✓ **utilizing natural light in public areas during daytime, turning off some lighting devices, and installing motion sensors in areas used rarely;**
- ✓ **optimizing the lighting layout by reducing the number of lights in areas with higher brightness than required, and using energy-efficient lights;**
- ✓ **turning off the power of equipment such as computers and printers after work to avoid standby power consumption;**
- ✓ **conducting daily electricity usage inspections in office areas and establishing an energy-saving incentive mechanism to encourage employees to propose energy-saving suggestions and put them into practice.**

The Group is committed to the continuous reduction of energy consumption and plans to increase investment in innovation and R&D. We advocate that employees with car purchasing needs buy new energy vehicles, and have installed supporting charging piles at the headquarters. Furthermore, we plan to replace official fuel-powered motor vehicles with new energy vehicles after they are phased out, which will further promote the Group’s layout in the field of new energy vehicles.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

The Group regularly conducts energy-saving training for employees to enhance their awareness of energy conservation and emission reduction. Through trainings, employees can better understand the materiality of energy efficiency in overall operations and propose reasonable energy-saving suggestions in their daily work. Additionally, the Group has established an energy-saving incentive mechanism to encourage employees to participate in energy-saving activities and take the initiative to improve energy consumption behaviors at work, such as turning off the power of computers, printers, and other equipment after work to avoid standby energy consumption.

In order to conduct continuous monitoring and management of the Group's energy consumption, the Group conducts quarterly analysis and evaluation of electricity consumption. If there is a significant increase in electricity consumption as compared with that of the previous quarter and the same period in 2023, the Group will review and analyze reasons for the increase and take corresponding measures. Meanwhile, the Group has gradually reduced and replaced the number of official vehicles since 2021, adjusting from nine vehicles to the current six official vehicles within three years, and is only used for short-distance, temporary, and emergency needs. In order to reduce gasoline consumption of official vehicles, the Group regularly calculates and monitors gasoline consumption, and strives to minimize the frequency of using official car by promoting video conferences and encouraging the use of public transportation, among other measures.

Indicator ¹⁴	Unit	2024	2023	2022	2021
Direct energy consumption	MWh	145	175	16	23
Electricity consumption	MWh	1,085	1,280	970	980
Gasoline consumption	Liter	15,800	19,000	17,245	21,000
Integrated energy consumption	MWh	1,230	1,455	986	1,003
Intensity of integrated energy consumption	MWh/person	1.7	1.4	0.8	1.0

¹⁴

The environmental data in this Report only covers the headquarters of the Group. As the Group's warehouses are leased from the third parties, energy and resource data such as electricity and water consumption are born by the third parties.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

8.2 RESOURCES CONSERVATION FOR ENHANCED UTILIZATION EFFICIENCY

The Group has established a comprehensive resource management system to regularly collect and analyze relevant data, and conducted risk assessments to verify the effectiveness of implemented practices and plans. Meanwhile, the Group conducts detailed analyses of consumption bills for water, electricity, toilet paper, etc. on a regular basis, follows up on expenditure trends, proactively identifies areas for improvement, and takes corresponding measures to optimize resource management strategies, in order to conserve resources and enhance operational efficiency.

8.2.1 Water Resources Management

Goals

The Group's main source of water supply is from municipal water supply, which is mainly the daily office water for drinking and cleaning. The Group had no problem in obtaining suitable water sources in 2024. The Group upholds the principle of "leadership from the President's Office, responsibility from the President's Office, collaboration from all departments and participation from all employees", and endeavors to control water consumption within a reasonable range, ensuring that every employee understands, complies with, and monitors water-saving measures, so as to create a favorable atmosphere of unity and joint management, where everyone cherishes water resources together. Based on the actual achievement of relevant indicators in 2024, the Group has set a clear target for reducing water consumption in 2025. We aim to achieve a 10% year-on-year decrease in our overall water consumption in 2025 by implementing water-saving measures, optimizing water management processes, and continuously evaluating and adjusting water-saving initiatives.

Strategies

The Group places high importance on the efficient utilization of water resources and has implemented a series of water conservation measures. Dedicated personnel have been appointed to conduct daily inspections, including regular maintenance of water inlets and valves, leakage tests on concealed water pipelines, and water tank checks to prevent leaks and water wastage. Regular monitoring of water meter readings and potential leakage points is also enforced. At the headquarter campus, the landscape irrigation system has been integrated with fountain operations, utilizing water from periodic fountain replacements for plant irrigation to continuously reduce freshwater consumption. Meanwhile, the Group enhances evening inspections of buildings and office areas to ensure timely shutdown of water facilities. A notification and incentive system has been established to cultivate water-saving habits among employees. To improve awareness and engagement in water resource management, the Group conducts regular staff training programs on water efficiency. These sessions cover water conservation techniques, rational water usage practices, and methods to reduce water waste in daily operations. The initiative aims to enhance employees' sense of responsibility and promote voluntary water-saving behaviors in workplace activities.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

In addition, the Group has installed water-efficient labeled faucets and dual-flush toilets in restrooms, adjusted faucet flow rates to reduce water output, and posted water conservation reminders to encourage employees to avoid water wastage. During building construction, facilities were designed in compliance with national standards. Domestic wastewater is discharged through sewage pipelines, while rainwater is channeled via dedicated drainage systems. The Group has actively promoted water recycling systems to effectively reduce water consumption. Furthermore, employees are encouraged to minimize the use of chemicals such as bleach, toilet cleaners, and dishwashing detergents in restrooms and cafeterias, ensuring wastewater discharge meets environmental standards and improves effluent quality.

To further enhance water use efficiency, the Group conducts regular water usage assessments to analyze consumption across operational processes and identify opportunities for improvement. These evaluations guide the development of more effective water conservation plans and advance the Group's sustainable development in resource management.

Indicator	Unit	2024	2023	2022	2021
Water consumption	Tons	10,600	17,039	16,589	15,000
Intensity of water consumption	Tons/person	14.2	16.4	13.8	14.3

8.2.2 Waste Management

Goals

The Group is committed to achieving zero pollution emissions by 2025 and has established clear quantifiable goals to minimize waste generation and to monitor progress toward these goals.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Strategies

The Group places a high priority on environmental protection within its campuses. To standardize waste collection and disposal processes, ensure full-cycle management and control from waste generation to final treatment, and minimize environmental pollution and resource depletion, the Group has established the *Waste Management Plan*. The Group actively implements measures to reduce waste generation and has adopted a waste classification system, achieving maximum resource recovery and reuse through sustainable waste management solutions while ensuring proper waste disposal. Detailed records are maintained on waste generation, collection, storage, transportation, and treatment. The Group regularly consolidates and analyzes data to assess the sources, volumes, and disposal methods of various waste types, aiming to further reduce waste generation and enhance recycling rates.

The Group's non-hazardous waste primarily includes office waste such as paper, plastic packaging, and expired promotional posters from workspaces, as well as household waste like aluminum cans, beverage bottles, newspapers, and magazines. To reduce plastic bottle waste, the Group has installed water purifiers for employee use and has completely phased out disposable paper cups since 2017, replacing them with glassware. A comprehensive paperless office policy has been implemented, minimizing paper usage through online workflows and approvals via the OA system. Except for official external documents, all internal materials are printed double-sided or reused whenever possible. The Group regularly monitors printing volumes, sets print quotas for employees where feasible, and encourages the use of scrap paper for notes. These paperless initiatives have concurrently reduced printer electricity consumption and toner cartridge usage. Dedicated recycling stations are set up to collect waste paper, posters, and mail, with scheduled cleanups and strict approval processes for producing new promotional banners. Reusable posters are carefully stored. The Group also prioritizes purchasing recyclable products and materials. For instance, custom-made tote bags for business needs are made from washable, reusable non-woven fabric, and office trash bags are purchased in compliance with national standards for biodegradable materials.

The hazardous waste generated by the Group primarily consists of discarded batteries, used fluorescent tubes, and disposable face masks. To prevent environmental pollution from hazardous waste, the Group has established a comprehensive hazardous waste management system that includes proper labeling, segregated collection and secure storage, with regular disposal through government-certified contractors. Printer cartridges and toner boxes are periodically collected and recycled by our leasing service provider to ensure compliance with environmental protection requirements. For the control of used batteries, the Group has implemented a battery replacement program and designated collection points. After a period of time, recycled batteries will be delivered to Jiusheng Environmental Protection Company, a government-approved processor, with approximately 380 units recycled annually. We are currently piloting rechargeable battery alternatives and have adopted recyclable and refillable toner cartridges to reduce single-use and non-recyclable products, thereby minimizing hazardous waste generation to the greatest extent possible.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

The Group also provides regular waste management training to employees to enhance their awareness of waste reduction, classification, and recycling. The training covers proper waste sorting, daily practices for waste reduction, and methods to optimize resource utilization, continuously encouraging employees to actively participate in waste reduction initiatives during their work.

Beyond our internal waste management practices, the Group is committed to developing a circular business model and is currently launching the “iRecycle” platform. This platform aims to enhance resource recovery and reuse efficiency, promote the recycling of used items, reduce waste, and contribute to ecological conservation. Simultaneously, the Group actively promotes green supply chain management by encouraging suppliers to adopt recyclable packaging materials for shipments, thereby minimizing packaging waste and its environmental impact. The Group also maintains proactive communication with stakeholders regarding pollution emissions, waste management, and associated health risks, collaborating to develop effective mitigation measures that ensure transparency and sustainability in environmental management. In close partnership with the Jiangsu Academy of Agricultural Sciences, the property owner of the industrial park, the Group regularly organizes park-wide clean-up activities and jointly handles hazardous waste to improve the overall environmental quality of the premises.

Indicator	Unit	2024	2023	2022	2021
Total non-hazardous waste generated	tons	468.0	10.0	/	/
Intensity of non-hazardous waste generation	tons/ person	0.6	0.01	/	/
Hazardous waste generated – waste lamps	pcs	260	190	750	220
Hazardous waste generated – waste batteries	pcs	400	100	180	110



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

CASE

Since 2020, as one of the first pilot enterprises in Xuanwu District, Nanjing to implement waste classification, the Group has strictly complied with regulatory requirements by deploying categorized waste bins, separately processing hazardous and non-hazardous waste, and engaging government-certified recycling enterprises for proper waste disposal under the *Agreement on Collection and Transportation of Domestic Waste*. Concurrently, the Group has proactively organized administrative liaisons from various departments to receive professional training on waste classification. Notably, the Group invited staff from Xiaolingwei Subdistrict Office to conduct on-site training sessions for all employees, covering the significance, requirements, and standards of waste sorting. Following the training, a waste classification knowledge competition was held to deepen employees' practical understanding of the urgency and necessity of waste segregation initiatives.



Employee Participation in the Waste Sorting Specialized Training



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

8.3 PROACTIVE PLANNING TO ADDRESSING CLIMATE CHANGES

Strategies and Cases

The Group recognizes climate crisis as a global crisis that poses severe challenges not only to the environment and society but also impacts long-term corporate development. To address this crisis, the Group has implemented the Task Force on Climate-related Financial Disclosures (TCFD) framework to manage climate-related risks and opportunities. Sustainable Development (ESG) Committee has been established to oversee climate-related issues, regularly evaluating and guiding the Group's climate change strategy and risk response measures. Furthermore, climate-related matters have been incorporated into the Board of Directors' agenda to ensure sustained attention and effective governance. The Director of Administrative Relations leads the assessment and management of climate risks and opportunities, integrating these considerations into strategic decision-making and driving concrete implementation.

In 2024, the Group further deepened its identification and assessment of climate-related risks and opportunities, including typhoons, extreme heat, policy changes, market demand, technological shifts, and reputational risks. Corresponding mitigation measures were developed and integrated into business and financial planning. By proactively capitalizing on opportunities arising from climate change, the Group anticipates strengthening long-term competitiveness in energy management, operational efficiency, and brand value. The Group has incorporated climate-related risk management into its overall risk management framework, enhancing comprehensive risk response capabilities. In alignment with strategic and risk management processes, KPIs are employed to evaluate climate risks, covering greenhouse gas emissions, energy consumption, potential impacts of climate risks and effectiveness of mitigation measures, to ensure holistic and transparent assessment outcomes. Furthermore, the Group has fully disclosed Scope 1 and 2 GHG emissions data, established quantifiable environmental targets, and implemented a series of measures to ensure their achievement.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Types of Climate Risks	Risk description	Potential Impacts	Countermeasures
Physical Risks	Acute physical climate risks (e.g., typhoon)	<ul style="list-style-type: none">• Temporary closure of operational locations in the event of severe and extreme weather;• Power outage in office locations due to weather.	<ul style="list-style-type: none">• Identify possible asset damage and purchase necessary insurance;• Keep electronic copies of relevant documents for backup purposes and alternate data storage centers should be at other place.
	Chronic physical risks (e.g., extreme heat)	<ul style="list-style-type: none">• Increased hot weather jeopardizes health and safety, thus reducing employee productivity;• Increased high temperatures in summer result in higher failure rates of refrigeration equipment.	<ul style="list-style-type: none">• Carry out the flexible working measures in case of extreme weather conditions.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Types of Climate Risks	Risk description	Potential Impacts	Countermeasures
Transition Risks	Policy and regulatory risks	<ul style="list-style-type: none"> Failure to promptly adapt to policy changes may result in escalating compliance costs or operational constraints. 	<ul style="list-style-type: none"> Establish a climate change risk assessment mechanism to regularly monitor policy change and market dynamics, and ensure business operations comply with the latest regulatory requirements.
	Market and demand risk	<ul style="list-style-type: none"> Failure to promptly meet consumer demand for green and low-carbon products and services may result in loss of customer; Market share captured by more sustainability-focused competitors. 	<ul style="list-style-type: none"> Deepen collaboration in distributed photovoltaic (PV) systems and expand into the integrated solar-storage-charging market, strengthening industry chain partnerships to deliver reliable PV and derivative product and service to the society.
	Technology risk	<ul style="list-style-type: none"> Obsolescence of traditional technologies or business models may compel the Group to undertake costly technological upgrades or transitions. 	<ul style="list-style-type: none"> Increase investments in green technologies and low-carbon innovation, driving R&D and adoption of more efficient renewable energy technologies; Implement efficient and flexible energy management systems (EMS).
	Reputation and brand risk	<ul style="list-style-type: none"> Lagging climate action may trigger public criticism, negative media coverage, and damage brand reputation; Decline in investor confidence, affecting investor relations and financing capabilities. 	<ul style="list-style-type: none"> Publish ESG reports to disclose climate action progress to the public and investors, enhancing brand trust.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Meanwhile, the Group has proactively seized climate-related opportunities arising from the low-carbon economic transition. The Group has cooperated with Zhejiang Ming'an to jointly build a national operation center for the green energy industry, seize new growth opportunities in the distributed photovoltaic market, and while helping China achieve its “dual carbon” goals, it is also expected to improve its own profitability.

Going forward, the Group aims to incorporate climate action into its long-term development strategy. Through continuous monitoring and dynamic adjustments, the Group transforms climate-related risks into sustainable opportunities. Additionally, the Group plans to launch climate-related training and promotion activities to elevate public environmental consciousness, encourage collective participation in climate initiatives, and make a contribution to national carbon neutrality goals.

The Group solemnly commits to achieving net-zero emissions by 2060 and will implement a series of measures to advance this vision. By optimizing energy structures, enhancing efficiency management, scaling green technology applications, and driving supply chain decarbonization, the Group will progressively reduce its carbon footprint while accelerating its renewable energy adoption. Furthermore, the Group will conduct regular progress assessments of emission reduction to ensure the effectiveness of each initiative, actively supporting global climate objectives and advancing sustainable development through pragmatic practices.

8.4 LAND USE AND BIODIVERSITY CONSERVATION

Goals

As a responsible business practitioner, the Group places high importance on ecological protection and biodiversity. The Group proactively responds to national policies on land use conservation and biodiversity, aiming to minimize the environmental impact of its operations through scientific planning and effective management, thereby fostering harmonious coexistence between humans and nature. The Group's commitment to biodiversity conservation applies not only to its own operations but also extends to supply chain partners, who are required to strictly comply with regulations and policies regarding national biodiversity. The Group ensures that all offices and business premises are located outside national natural reserves, prioritizes operations in developed areas to minimize intrusion into undisturbed natural environments, and avoids activities that may negatively impact threatened or protected species.

Going forward, the Group will progressively develop and refine biodiversity-related policies and management measures in accordance with business development and practical needs. The Group will proactively fulfill its ecological protection responsibilities to advance sustainable development. The Group's Sustainable Development (ESG) Committee will oversee policy implementation, disclose conservation progress through official channels on a regular basis, accept public scrutiny, and continuously improve relevant policies and implementation guidelines based on practical feedback.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

Strategies

The Group integrates biodiversity conservation into its long-term strategic planning and policy formulation, ensuring ecological considerations are embedded in business operations. Prioritizing prevention of ecological harm, the Group conducts impact assessments on natural ecosystems during decision-making processes and strictly avoids activities that endanger endangered species or their habitats. In practice, the Group steers clear of biodiversity protection zones, ensures business activities do not harm natural ecosystems, and prioritizes the sale of animal harmless products to reduce potential impacts on biodiversity.

In respect of practical operation, the Group maintains green ecological spaces at its offices, partners with environmentally certified suppliers, and deepens employee understanding of biodiversity through awareness programs. The Group encourages full staff participation in Biodiversity conservation efforts to collectively safeguard the Earth's ecological balance. By establishing a collaborative protection network across its supply chain, the Group strives to fulfill corporate social responsibility while achieving commercial value, promoting green development, and contributing to biodiversity conservation and sustainable land use.

Additionally, the Group has established a long-term partnership with the Jiangsu Academy of Agricultural Sciences. We regularly carry out ecological protection initiatives, including environmental remediation, greening enhancements, and biodiversity conservation, strengthening environmental management practices actively fulfilling our ecological protection responsibilities and supporting the long-term health of ecosystems.



8. PROTECTING ENVIRONMENT TO LIVE IN HARMONY WITH NATURE

CASE

The Group always focuses on management and optimization of agricultural resources operations on biodiversity conservation, sustainable land use, and ecological protection. The Group proactively responds to national green development policies by transforming core businesses such as pesticides, fertilizers, and compound fertilizers toward green, efficient, and environmental-friendly practices through product selection, technological collaboration, and supply chain coordination. The following are details of practice and progress of the Group in major agricultural resources areas:

Pesticides	Fertilizers	Compound Fertilizers
<p>In line with national industrial policies, the Group strongly promotes the development and production of “high-efficiency, safe, and environmentally friendly” new pesticide varieties and formulations, dedicated pesticide intermediates and pesticide adjuvants. In 2024, the Group invested in the “Acephate” project, which is a high-efficiency, low-toxicity, low-residue, broad-spectrum organic phosphorus insecticide. This product replaces the more toxic “Methamidophos” product, enhancing the pesticide industry chain value through integrated production and sales strategies.</p>	<p>The Group deepened collaboration with Shandong Ruixing Group, the world’s largest nitrogen fertilizer producer. Leveraging Ruixing’s fertilizer production base with the world-class technology and largest production capacity in the country, the Group focuses on ongoing technological upgrades and product innovation; and uses the world-leading aerospace pulverized coal gasification technology to upgrade and transform existing process. Without significantly increasing energy consumption, by fully leveraging the existing enterprise utility infrastructure and environmental protection facilities, the Group has established the new industry model that transforms waste into reusable resources, thereby reduces ecological impacts sustainably.</p>	<p>The Group prioritizes Anhui Hongsifang’s “Xinju Tian” series, which utilizes patented “high-molecular-weight organic amine and maleic anhydride-modified polyaspartate salts” technology. These products buffer soil pH, prevent phosphorus fixation, and enhance nutrient absorption (nitrogen, phosphorus, potassium, and trace elements). They revitalize soil, boost crop resilience, accelerate seedling growth, and extend fertilizer efficacy while improving utilization rates.</p>



APPENDIX I: INDEX TO THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Indicator			Section
A. Environmental			
A1 : Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non – hazardous waste.	8. Protecting Environment to Live in Harmony with Nature
	A1.1	The types of emissions and respective emissions data.	8.1 Energy Saving, Green and Low-Carbon Development Appendix I: Summary of Data on Sustainable Development
	A1.2	Direct (scope 1) and indirect energy (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.1 Energy Saving, Green and Low-Carbon Development Appendix I: Summary of Data on Sustainable Development
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.2 Resources Conservation for Enhanced Utilization Efficiency Appendix I: Summary of Data on Sustainable Development
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.2 Resources Conservation for Enhanced Utilization Efficiency Appendix I: Summary of Data on Sustainable Development
	A1.5	Description of emissions targets and the steps taken to achieve such targets.	8. Protecting Environment to Live in Harmony with Nature
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) and steps taken to achieve them.	8. Protecting Environment to Live in Harmony with Nature



APPENDIX I: INDEX TO THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Indicator			Section
A2 : Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8.1 Energy Saving, Green and Low-Carbon Development 8.2 Resources Conservation for Enhanced Utilization Efficiency
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	8.2 Resources Conservation for Enhanced Utilization Efficiency Appendix I: Summary of Data on Sustainable Development
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8.2 Resources Conservation for Enhanced Utilization Efficiency Appendix I: Summary of Data on Sustainable Development
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	8. Protecting Environment to Live in Harmony with Nature
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8. Protecting Environment to Live in Harmony with Nature
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's packaging materials are supplied by third parties, i.e. the Group does not produce packaging materials
A3 : Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	8. Protecting Environment to Live in Harmony with Nature
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8. Protecting Environment to Live in Harmony with Nature
A4 : Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	8.3 Proactive Planning to Addressing Climate Changes
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	8.3 Proactive Planning to Addressing Climate Changes



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Indicator			Section
B. Social			
B1 : Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	7. Working Together to Create the Future
	B1.1	Total workforce by gender, employment type (e.g. full time or part time), age group and geographical region.	7.2 Compliance in Employment to Protect the Legitimate Rights and Interests of Employees Appendix I: Summary of Data on Sustainable Development
	B1.2	Employee turnover rate by gender, age group and geographical region.	7.2 Compliance in Employment to Protect the Legitimate Rights and Interests of Employees Appendix I: Summary of Data on Sustainable Development
B2 : Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	7.5 Safeguarding Health and Strengthening a Safe Working Environment
	B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	7.5 Safeguarding Health and Strengthening a Safe Working Environment Appendix I: Summary of Data on Sustainable Development
	B2.2	Lost days due to work injury.	7.5 Safeguarding Health and Strengthening a Safe Working Environment Appendix I: Summary of Data on Sustainable Development
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.5 Safeguarding Health and Strengthening a Safe Working Environment



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Indicator			Section
B3 : Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.3 Empowering Career Growth with Innovative Talent Development System
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.3 Empowering Career Growth with Innovative Talent Development System Appendix I: Summary of Data on Sustainable Development
	B3.2	The average training hours completed per employee by gender and employee category.	7.3 Empowering Career Growth with Innovative Talent Development System Appendix I: Summary of Data on Sustainable Development
B4 : Labor Standards	B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	7.2 Compliance in Employment to Protect the Legitimate Rights and Interests of Employees
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	7.2 Compliance in Employment to Protect the Legitimate Rights and Interests of Employees
	B4.2	Description of steps taken to eliminate such practices when discovered.	7.2 Compliance in Employment to Protect the Legitimate Rights and Interests of Employees



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Indicator			Section
B5 : Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Optimising the Integration of Resources through Demand-Based Procurement
	B5.1	Number of suppliers by geographical region.	6.1 Optimising the Integration of Resources through Demand-Based Procurement
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.1 Optimising the Integration of Resources through Demand-Based Procurement
	B5.3	Description of practices used to identify environmental and social risks at along of the supply chain, and how they are implemented and monitored.	6.1 Optimising the Integration of Resources through Demand-Based Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 Optimising the Integration of Resources through Demand-Based Procurement
B6 : Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.2 Rural Vitalization: Unblocking the “Major Artery” of Two-Way Circulation 5.2 Protecting Privacy Information and Data Security
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group’s product delivery services are provided by third parties and there are no products subject to recall for safety and health reasons
	B6.2	Number of products and service related complaints received and how they are dealt with.	5. Compliant Operation, Building up Trust
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.1 Protecting Innovative Wealth and Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	The Group’s businesses do not involve quality assurance processes and product recall procedures
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.2 Protecting Privacy Information and Data Security



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Indicator			Section
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.3 Integrity and Anti-corruption for Honest Work Style
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	5.3 Integrity and Anti-corruption for Honest Work Style
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.3 Integrity and Anti-corruption for Honest Work Style
	B7.3	Description of anti-corruption trainings provided to directors and employees.	5.3 Integrity and Anti-corruption for Honest Work Style
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Taking Responsibility and Advancing Shared Success
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Taking Responsibility and Advancing Shared Success
	B8.2	Resources contributed to the focus area.	6. Taking Responsibility and Advancing Shared Success